

2020 Semi-Annual Report (Unaudited)

BlackRock Funds II

- BlackRock 20/80 Target Allocation Fund
- BlackRock 40/60 Target Allocation Fund
- BlackRock 60/40 Target Allocation Fund
- BlackRock 80/20 Target Allocation Fund

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The Markets in Review

Dear Shareholder,

The last 12 months have been a time of sudden change in global financial markets, as a long period of growth and positive returns was interrupted in early 2020 by the emergence and spread of the coronavirus. For much of the reporting period, U.S. equities and bonds both delivered impressive returns, despite fears and doubts about the economy that were ultimately laid to rest with unprecedented monetary stimulus and a sluggish yet resolute performance from the U.S. economy. But as the threat from the coronavirus became more apparent throughout February and March 2020, leading countries around the world took economically disruptive countermeasures, causing equity prices to fall sharply. Now that the virus has spread around the globe and an economic downturn appears inevitable, investors are faced with the question of how long and how deep it will be.

Returns for most securities were robust for the first ten months of the reporting period, as investors began to realize that the U.S. economy was maintaining the modest yet steady growth that had characterized this economic cycle. However, once stay-at-home orders and closures of non-essential businesses became widespread, many workers were laid off and unemployment claims spiked. With large portions of the economy on hold, all types of equities, both in the United States and internationally, ended the reporting period with negative performance.

The performance of different types of fixed-income securities diverged substantially due to a reduced investor appetite for risk. Treasuries benefited from the risk-off environment, and posted healthy returns, as the 10-year yield (which is inversely related to bond prices) fell to an all-time low. Investment-grade corporate bonds also delivered a positive return, while high-yield corporates were down due to credit concerns.

The U.S. Federal Reserve (the "Fed") reduced interest rates three times in 2019, to support slowing economic growth. After the coronavirus outbreak, the Fed instituted two emergency rate cuts, pushing short-term interest rates close to zero. To stabilize credit markets, the Fed also announced a new bond-buying program, as did several other central banks around the world, including the European Central Bank and the Bank of Japan.

Looking ahead, while coronavirus-related disruption is certain to hurt worldwide economic growth, the global expansion is likely to continue once the impact of the outbreak subsides. For the near term, however, the disruption is likely to act as a further drag on corporate earnings, following flat earnings growth in 2019. Nonetheless, there are promising signs that a strong coordinated monetary and fiscal response is beginning to take place, both in the United States and abroad. With measures being taken to contain the virus and provide support to impacted businesses and individuals, we anticipate a sharp increase in economic activity as life returns to normal.

Overall, we favor a neutral stance toward risk, given the uncertainty surrounding the economic impact of coronavirus countermeasures. Among equities, we see an advantage in U.S. stocks compared to other developed markets, given the diversity of the U.S. economy and the impressive scope of monetary and fiscal stimulus. In bonds, the swift action taken by the world's central banks means there are attractive opportunities in credit, and we expect credit spreads to narrow as markets stabilize.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today's markets.

Sincerely,



Rob Kapito
President, BlackRock Advisors, LLC



Rob Kapito
President, BlackRock Advisors, LLC

Total Returns as of March 31, 2020

| | 6-month | 12-month |
|---|----------|----------|
| U.S. large cap equities (S&P 500® Index) | (12.31)% | (6.98)% |
| U.S. small cap equities (Russell 2000® Index) | (23.72) | (23.99) |
| International equities (MSCI Europe, Australasia, Far East Index) | (16.52) | (14.38) |
| Emerging market equities (MSCI Emerging Markets Index) | (14.55) | (17.69) |
| 3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index) | 1.04 | 2.25 |
| U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index) | 9.95 | 18.25 |
| U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index) | 3.33 | 8.93 |
| Tax-exempt municipal bonds (S&P Municipal Bond Index) | 0.07 | 3.78 |
| U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index) | (10.40) | (6.94) |

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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Portfolio Management Commentary

How did the Funds perform?

BlackRock 20/80 Target Allocation Fund

For the six-month period ended March 31, 2020, all of the Fund's share classes underperformed the reference benchmark (MSCI All Country World Index (the "MSCI ACWI Index") (14%)/MSCI USA Index (6%)/Bloomberg Barclays U.S. Universal Index (80%)). For the same period, all of the Fund's share classes underperformed, the Bloomberg Barclays U.S. Universal Index.

BlackRock 40/60 Target Allocation Fund

For the six-month period ended March 31, 2020, all of the Fund's share classes underperformed the reference benchmark (MSCI ACWI Index (28%)/MSCI USA Index (12%)/Bloomberg Barclays U.S. Universal Index (60%)). For the same period, all of the Fund's share classes outperformed the MSCI ACWI Index.

BlackRock 60/40 Target Allocation Fund

For the six-month period ended March 31, 2020, all of the Fund's share classes underperformed the reference benchmark (MSCI ACWI Index (42%)/MSCI USA Index (18%)/Bloomberg Barclays U.S. Universal Index (40%)). For the same period, all of the Fund's share classes outperformed the MSCI ACWI Index.

BlackRock 80/20 Target Allocation Fund

For the six-month period ended March 31, 2020, the Fund's Institutional and Class K Shares outperformed the reference benchmark (MSCI ACWI Index (56%)/MSCI USA Index (24%)/Bloomberg Barclays U.S. Universal Index (20%)), while the Fund's Investor A and Class R Shares performed in line and Investor C Shares underperformed the reference benchmark. For the same period, all of the Fund's share classes outperformed the MSCI ACWI Index.

What factors influenced performance?

During the period, an overweight to U.S. Treasuries contributed to performance, as interest rates fell to historic lows. In addition, an underweight to ex-U.S. developed market equities was additive as the region underperformed both U.S. and emerging market equities.

Conversely, risk assets across the spectrum posted negative returns for the period, which detracted from performance. An overweight to equities, particularly U.S. and emerging market stocks, weighed on total returns.

Describe recent portfolio activity.

During the fourth quarter of 2019, the Funds were overweight in equity relative to fixed income, with a preference for U.S. and emerging market stocks over international developed equities. Factor allocations shifted in favor of cyclical, and the Funds added stocks exhibiting the low size factor, and also added to quality factor stocks. Lastly, the Funds reduced exposure to investment grade corporate bonds in favor of mortgage-backed securities and Treasuries.

Amid the market volatility of the first quarter of 2020, the Funds maintained many of the principal positions and portfolio strategies to manage risk that helped to protect performance during a challenging quarter, including an overweight to U.S. equities relative to developed market equities, a preference for growth, exposure to minimum volatility-oriented stocks, and an overweight to U.S. Treasuries for added stability.

Describe the Funds' positioning at period end.

Given the extraordinary price moves in bonds and stocks over the first quarter of 2020 due to the coronavirus pandemic, the Funds' equity/fixed income weights materially drifted from their target allocations – so much so that an overweight to equities had mutated into an overweight to fixed income. In order to maintain an overweight to equities, specifically U.S. equities, the portfolios were recalibrated and traded back to benchmark weights by mid-March.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Investment Objective

BlackRock 20/80 Target Allocation Fund's (the "Fund") investment objective is to seek a balance between long term capital appreciation and high current income, with an emphasis on income.

Performance Summary for the Period Ended March 31, 2020

| | 6-Month Total Returns | Average Annual Total Returns ^{(a)(b)} | | | | | |
|--|--------------------------|--|-------------------|---------------------|-------------------|---------------------|-------------------|
| | | 1 Year | | 5 Years | | 10 Years | |
| | | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge |
| Institutional | (2.64)% | 2.10% | N/A | 2.88% | N/A | 5.86% | N/A |
| Investor A | (2.79) | 1.74 | (3.60)% | 2.52 | 1.42% | 5.45 | 4.89% |
| Investor C | (3.21) | 0.99 | 0.00 | 1.76 | 1.76 | 4.68 | 4.68 |
| Class K | (2.62) | 2.12 | N/A | 2.89 | N/A | 5.86 | N/A |
| Class R | (3.03) | 1.33 | N/A | 2.20 | N/A | 5.18 | N/A |
| MSCI ACWI Index (14%)/MSCI USA Index (6%)/Bloomberg Barclays U.S. Universal Index (80%)^(c) | (1.05) | 3.98 | N/A | 3.64 | N/A | 4.85 | N/A |
| Bloomberg Barclays U.S. Universal Index^(d) | 1.76 | 7.15 | N/A | 3.35 | N/A | 4.05 | N/A |

^(a) Assuming maximum sales charges, if any. Average annual total returns with and without sales charges reflect reductions for distribution and service fees. See "About Fund Performance" on page 11 for a detailed description of share classes, including any related sales charges and fees, and how performance was calculated for certain share classes.

^(b) The Fund, which is a fund of funds, normally intends to obtain exposure to equity securities (and certain other instruments) in an amount equal to 20% of its assets and exposure to fixed-income securities in an amount equal to 80% of its assets. The Fund's total returns prior to June 3, 2015 are the returns of the Fund when it followed a different investment objective and different investment strategies under the name "BlackRock Conservative Prepared Portfolio."

^(c) A customized weighted index comprised of the returns of the MSCI ACWI Index (14%), MSCI USA Index (6%) and Bloomberg Barclays U.S. Universal Index (80%).

^(d) An unmanaged, market value weighted index of fixed-income securities issued in U.S. dollars, including U.S. government and investment grade debt, non-investment grade debt, asset-backed and mortgage-backed securities, Eurobonds, 144A securities and emerging market debt with maturities of at least one year.

N/A - Not applicable as share class and index do not have a sales charge.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Investment Objective

BlackRock 40/60 Target Allocation Fund's (the "Fund") investment objective is to seek a balance between long term capital appreciation and high current income, with an emphasis on income.

Performance Summary for the Period Ended March 31, 2020

| | 6-Month Total Returns | Average Annual Total Returns ^{(a)(b)} | | | | | |
|--|--------------------------|--|-------------------|---------------------|-------------------|---------------------|-------------------|
| | | 1 Year | | 5 Years | | 10 Years | |
| | | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge |
| Institutional | (4.64)% | 0.04% | N/A | 3.33% | N/A | 6.59% | N/A |
| Investor A | (4.73) | (0.26) | (5.50)% | 2.98 | 1.88% | 6.22 | 5.65% |
| Investor C | (5.09) | (1.01) | (1.99) | 2.22 | 2.22 | 5.42 | 5.42 |
| Class K | (4.62) | 0.06 | N/A | 3.36 | N/A | 6.61 | N/A |
| Class R | (4.83) | (0.43) | N/A | 2.81 | N/A | 6.07 | N/A |
| MSCI ACWI Index (28%)/MSCI USA Index (12%)/ | | | | | | | |
| Bloomberg Barclays U.S. Universal Index (60%)^(c) | (4.01) | 0.65 | N/A | 3.83 | N/A | 5.57 | N/A |
| MSCI ACWI Index^(d) | (14.33) | (11.26) | N/A | 2.85 | N/A | 5.88 | N/A |

^(a) Assuming maximum sales charges, if any. Average annual total returns with and without sales charges reflect reductions for distribution and service fees. See "About Fund Performance" on page 11 for a detailed description of share classes, including any related sales charges and fees, and how performance was calculated for certain share classes.

^(b) The Fund, which is a fund of funds, normally intends to obtain exposure to equity securities (and certain other instruments) in an amount equal to 40% of its assets and exposure to fixed-income securities in an amount equal to 60% of its assets. The Fund's total returns prior to June 3, 2015 are the returns of the Fund when it followed a different investment objective and different investment strategies under the name "BlackRock Moderate Prepared Portfolio."

^(c) A customized weighted index comprised of the returns of the MSCI ACWI Index (28%), MSCI USA Index (12%) and Bloomberg Barclays U.S. Universal Index (60%).

^(d) A free float-adjusted market capitalization index designed to measure the equity market performance of developed and emerging markets countries. The Index consists of 49 country indexes comprising 23 developed and 26 emerging market country indexes.

N/A - Not applicable as share class and index do not have a sales charge.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Investment Objective

BlackRock 60/40 Target Allocation Fund's (the "Fund") investment objective is to seek long term capital appreciation. Current income is also a consideration.

Performance Summary for the Period Ended March 31, 2020

| | 6-Month Total Returns | Average Annual Total Returns ^{(a)(b)} | | | | | |
|--|--------------------------|--|-------------------|---------------------|-------------------|---------------------|-------------------|
| | | 1 Year | | 5 Years | | 10 Years | |
| | | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge |
| Institutional | (7.72)% | (3.15)% | N/A | 3.16% | N/A | 6.98% | N/A |
| Investor A | (7.93) | (3.52) | (8.58)% | 2.81 | 1.71% | 6.59 | 6.02% |
| Investor C | (8.25) | (4.29) | (5.22) | 2.04 | 2.04 | 5.82 | 5.82 |
| Class K | (7.70) | (3.13) | N/A | 3.17 | N/A | 6.99 | N/A |
| Class R | (7.99) | (3.72) | N/A | 2.61 | N/A | 6.40 | N/A |
| MSCI ACWI Index (42%)/MSCI USA Index (18%) | | | | | | | |
| Bloomberg Barclays U.S. Universal Index (40%)^(c) | (7.12) | (2.82) | N/A | 3.92 | N/A | 6.18 | N/A |
| MSCI ACWI Index^(d) | (14.33) | (11.26) | N/A | 2.85 | N/A | 5.88 | N/A |

^(a) Assuming maximum sales charges, if any. Average annual total returns with and without sales charges reflect reductions for distribution and service fees. See "About Fund Performance" on page 11 for a detailed description of share classes, including any related sales charges and fees, and how performance was calculated for certain share classes.

^(b) The Fund, which is a fund of funds, normally intends to obtain exposure to equity securities (and certain other instruments) in an amount equal to 60% of its assets and exposure to fixed-income securities in an amount equal to 40% of its assets. The Fund's total returns prior to June 3, 2015 are the returns of the Fund when it followed a different investment objective and different investment strategies under the name "BlackRock Growth Prepared Portfolio."

^(c) A customized weighted index comprised of the returns of the MSCI ACWI Index (42%), MSCI USA Index (18%) and Bloomberg Barclays U.S. Universal Index (40%).

^(d) A free float-adjusted market capitalization index designed to measure the equity market performance of developed and emerging markets countries. The Index consists of 49 country indexes comprising 23 developed and 26 emerging market country indexes.

N/A - Not applicable as share class and index do not have a sales charge.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Investment Objective

BlackRock 80/20 Target Allocation Fund's (the "Fund") investment objective is to seek long term capital appreciation. Current income is not a consideration.

Performance Summary for the Period Ended March 31, 2020

| | 6-Month Total Returns | Average Annual Total Returns ^{(a)(b)} | | | | | |
|--|--------------------------|--|-------------------|---------------------|-------------------|---------------------|-------------------|
| | | 1 Year | | 5 Years | | 10 Years | |
| | | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge | w/o sales charge | w/sales charge |
| Institutional | (10.21)% | (5.96)% | N/A | 3.06% | N/A | 7.27% | N/A |
| Investor A | (10.39) | (6.36) | (11.28)% | 2.69 | 1.59% | 6.89 | 6.31% |
| Investor C | (10.73) | (7.05) | (7.96) | 1.92 | 1.92 | 6.09 | 6.09 |
| Class K | (10.20) | (5.95) | N/A | 3.07 | N/A | 7.27 | N/A |
| Class R | (10.43) | (6.45) | N/A | 2.53 | N/A | 6.72 | N/A |
| MSCI ACWI Index (56%)/MSCI USA Index (24%)/ | | | | | | | |
| Bloomberg Barclays U.S. Universal Index (20%)^(c) | (10.39) | (6.43) | N/A | 3.90 | N/A | 6.68 | N/A |
| MSCI ACWI Index^(d) | (14.33) | (11.26) | N/A | 2.85 | N/A | 5.88 | N/A |

^(a) Assuming maximum sales charges, if any. Average annual total returns with and without sales charges reflect reductions for distribution and service fees. See "About Fund Performance" on page 11 for a detailed description of share classes, including any related sales charges and fees, and how performance was calculated for certain share classes.

^(b) The Fund, which is a fund of funds, normally intends to obtain exposure to equity securities (and certain other instruments) in an amount equal to 80% of its assets and exposure to fixed-income securities in an amount equal to 20% of its assets. The Fund's total returns prior to June 3, 2015 are the returns of the Fund when it followed a different investment objective and different investment strategies under the name "BlackRock Aggressive Growth Prepared Portfolio."

^(c) A customized weighted index comprised of the returns of the MSCI ACWI Index (56%), MSCI USA Index (24%) and Bloomberg Barclays U.S. Universal Index (20%).

^(d) A free float-adjusted market capitalization index designed to measure the equity market performance of developed and emerging markets countries. The Index consists of 49 country indexes comprising 23 developed and 26 emerging market country indexes.

N/A - Not applicable as share class and index do not have a sales charge.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

BlackRock 20/80 Target Allocation Fund

PORTFOLIO COMPOSITION

| <i>Asset Type</i> | <i>Percent of Affiliated Investment Companies</i> |
|---------------------------------|---|
| Fixed-Income Funds | 78% |
| Equity Funds | 20 |
| Short-Term Securities | 2 |

TEN LARGEST HOLDINGS

| <i>Security</i> | <i>Percent of Affiliated Investment Companies</i> |
|---|---|
| BlackRock Strategic Income Opportunities Portfolio, Class K | 22% |
| Master Total Return Portfolio | 21 |
| U.S. Total Bond Index Master Portfolio | 20 |
| iShares U.S. Treasury Bond ETF | 10 |
| iShares Core S&P Total U.S. Stock Market ETF | 6 |
| iShares Floating Rate Bond ETF | 5 |
| iShares Edge MSCI Min Vol USA ETF | 3 |
| Master Advantage Large Cap Core Portfolio | 3 |
| iShares Core MSCI EAFE ETF | 2 |
| iShares Edge MSCI USA Quality Factor ETF | 2 |

BlackRock 40/60 Target Allocation Fund

PORTFOLIO COMPOSITION

| <i>Asset Type</i> | <i>Percent of Affiliated Investment Companies</i> |
|---------------------------------|---|
| Fixed-Income Funds | 59% |
| Equity Funds | 40 |
| Short-Term Securities | 1 |

TEN LARGEST HOLDINGS

| <i>Security</i> | <i>Percent of Affiliated Investment Companies</i> |
|---|---|
| Master Total Return Portfolio | 21% |
| iShares Core S&P Total U.S. Stock Market ETF | 16 |
| U.S. Total Bond Index Master Portfolio | 13 |
| BlackRock Strategic Income Opportunities Portfolio, Class K | 12 |
| iShares U.S. Treasury Bond ETF | 11 |
| iShares Core MSCI EAFE ETF | 5 |
| iShares Edge MSCI USA Quality Factor ETF | 4 |
| Master Advantage Large Cap Core Portfolio | 4 |
| iShares Core S&P 500 ETF | 3 |
| iShares Edge MSCI Min Vol USA ETF | 3 |

The Funds' allocation and holdings listed above are current as of the report date. However, the Funds are regularly monitored and their composition may vary throughout various periods.

BlackRock 60/40 Target Allocation Fund

PORTFOLIO COMPOSITION

| <i>Asset Type</i> | <i>Percent of Affiliated Investment Companies</i> |
|------------------------------|---|
| Equity Funds | 61% |
| Fixed-Income Funds | 39 |

TEN LARGEST HOLDINGS

| <i>Security</i> | <i>Percent of Affiliated Investment Companies</i> |
|---|---|
| iShares Core S&P Total U.S. Stock Market ETF | 21% |
| Master Total Return Portfolio | 19 |
| BlackRock Strategic Income Opportunities Portfolio, Class K | 11 |
| iShares U.S. Treasury Bond ETF | 9 |
| iShares Core MSCI EAFE ETF | 8 |
| iShares Edge MSCI USA Quality Factor ETF | 6 |
| BlackRock Emerging Markets Fund, Inc., Class K | 6 |
| iShares Core S&P 500 ETF | 5 |
| Master Advantage Large Cap Core Portfolio | 5 |
| BlackRock Technology Opportunities Fund, Class K | 3 |

BlackRock 80/20 Target Allocation Fund

PORTFOLIO COMPOSITION

| <i>Asset Type</i> | <i>Percent of Affiliated Investment Companies</i> |
|------------------------------|---|
| Equity Funds | 80% |
| Fixed-Income Funds | 20 |

TEN LARGEST HOLDINGS

| <i>Security</i> | <i>Percent of Affiliated Investment Companies</i> |
|--|---|
| iShares Core S&P Total U.S. Stock Market ETF | 22% |
| iShares Core MSCI EAFE ETF | 11 |
| iShares Core S&P 500 ETF | 11 |
| Master Total Return Portfolio | 10 |
| iShares Edge MSCI USA Quality Factor ETF | 8 |
| iShares U.S. Treasury Bond ETF | 8 |
| Master Advantage Large Cap Core Portfolio | 8 |
| BlackRock Emerging Markets Fund, Inc., Class K | 8 |
| iShares Edge MSCI Min Vol USA ETF | 5 |
| BlackRock Technology Opportunities Fund, Class K | 4 |

The Funds' allocation and holdings listed above are current as of the report date. However, the Funds are regularly monitored and their composition may vary throughout various periods.

About Fund Performance

Institutional and Class K Shares are not subject to any sales charge. These shares bear no ongoing distribution or service fees and are available only to certain eligible investors. Class K Shares performance shown prior to the Class K Shares inception date of March 28, 2016 is that of Institutional Shares. The performance of each Fund's Class K Shares would be substantially similar to Institutional Shares because Class K Shares and Institutional Shares invest in the same portfolio of securities and performance would only differ to the extent that Class K Shares and Institutional Shares have different expenses. The actual returns of Class K Shares would have been higher than those of the Institutional Shares because Class K Shares have lower expenses than the Institutional Shares.

Investor A Shares are subject to a maximum initial sales charge (front-end load) of 5.25% and a service fee of 0.25% per year (but no distribution fee). Certain redemptions of these shares may be subject to a contingent deferred sales charge ("CDSC") where no initial sales charge was paid at the time of purchase. These shares are generally available through financial intermediaries.

Investor C Shares are subject to a 1.00% CDSC if redeemed within one year of purchase. In addition, these shares are subject to a distribution fee of 0.75% per year and a service fee of 0.25% per year. These shares are generally available through financial intermediaries. These shares automatically convert to Investor A Shares after approximately ten years.

Class R Shares are not subject to any sales charge. These shares are subject to a distribution fee of 0.25% per year and a service fee of 0.25% per year. These shares are available only to certain employer-sponsored retirement plans.

Performance information reflects past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Refer to blackrock.com to obtain performance data current to the most recent month-end. Performance results do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Figures shown in the performance tables on the previous pages assume reinvestment of all distributions, if any, at net asset value ("NAV") on the ex-dividend date or payable date, as applicable. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Distributions paid to each class of shares will vary because of the different levels of service, distribution and transfer agency fees applicable to each class, which are deducted from the income available to be paid to shareholders.

BlackRock Advisors, LLC (the "Manager"), each Fund's investment adviser, has contractually agreed to waive and/or reimburse a portion of each Fund's expenses. Without such waivers and/or reimbursements, each Fund's performance would have been lower. With respect to each Fund's contractual waivers, the Manager is under no obligation to continue waiving and/or reimbursing its fees after the applicable termination date of such agreements. See Note 5 of the Notes to Financial Statements for additional information on waivers and/or reimbursements.

Disclosure of Expenses

Shareholders of each Fund may incur the following charges: (a) transactional expenses, such as sales charges; and (b) operating expenses, including administration fees, service and distribution fees, including 12b-1 fees, acquired fund fees and expenses, and other fund expenses. The expense examples shown below (which are based on a hypothetical investment of \$1,000 invested on October 1, 2019 and held through March 31, 2020) are intended to assist shareholders both in calculating expenses based on an investment in each Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The expense examples provide information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number corresponding to their Fund and share class under the heading entitled "Expenses Paid During the Period."

The expense examples also provide information about hypothetical account values and hypothetical expenses based on a Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in these Funds and other funds, compare the 5% hypothetical examples with the 5% hypothetical examples that appear in shareholder reports of other funds.

The expenses shown in the expense examples are intended to highlight shareholders' ongoing costs only and do not reflect transactional expenses, such as sales charges, if any. Therefore, the hypothetical examples are useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

Expense Examples

| | Actual | | | Hypothetical ^(a) | | | |
|---|---|--|--|---|--|--|---------------------------------|
| | <i>Beginning Account Value (10/01/19)</i> | <i>Ending Account Value (03/31/20)</i> | <i>Expenses Paid During the Period^(b)</i> | <i>Beginning Account Value (10/01/19)</i> | <i>Ending Account Value (03/31/20)</i> | <i>Expenses Paid During the Period^(b)</i> | <i>Annualized Expense Ratio</i> |
| BlackRock 20/80 Target Allocation Fund | | | | | | | |
| Institutional | \$1,000.00 | \$973.60 | \$0.87 | \$1,000.00 | \$1,024.12 | \$0.89 | 0.18% |
| Investor A | 1,000.00 | 972.10 | 2.52 | 1,000.00 | 1,022.44 | 2.59 | 0.51 |
| Investor C | 1,000.00 | 967.90 | 6.16 | 1,000.00 | 1,018.74 | 6.32 | 1.25 |
| Class K | 1,000.00 | 973.80 | 0.77 | 1,000.00 | 1,024.22 | 0.79 | 0.16 |
| Class R | 1,000.00 | 969.70 | 3.99 | 1,000.00 | 1,020.95 | 4.09 | 0.81 |
| BlackRock 40/60 Target Allocation Fund | | | | | | | |
| Institutional | \$1,000.00 | \$953.60 | \$0.92 | \$1,000.00 | \$1,024.05 | \$0.96 | 0.19% |
| Investor A | 1,000.00 | 952.70 | 2.55 | 1,000.00 | 1,022.39 | 2.64 | 0.52 |
| Investor C | 1,000.00 | 949.10 | 6.20 | 1,000.00 | 1,018.64 | 6.42 | 1.27 |
| Class K | 1,000.00 | 953.80 | 0.82 | 1,000.00 | 1,024.16 | 0.85 | 0.17 |
| Class R | 1,000.00 | 951.70 | 3.36 | 1,000.00 | 1,021.55 | 3.48 | 0.69 |
| BlackRock 60/40 Target Allocation Fund | | | | | | | |
| Institutional | \$1,000.00 | \$922.80 | \$0.90 | \$1,000.00 | \$1,024.07 | \$0.94 | 0.19% |
| Investor A | 1,000.00 | 920.70 | 2.53 | 1,000.00 | 1,022.37 | 2.66 | 0.53 |
| Investor C | 1,000.00 | 917.50 | 6.12 | 1,000.00 | 1,018.62 | 6.44 | 1.28 |
| Class K | 1,000.00 | 923.00 | 0.80 | 1,000.00 | 1,024.17 | 0.84 | 0.17 |
| Class R | 1,000.00 | 920.10 | 3.44 | 1,000.00 | 1,021.42 | 3.62 | 0.72 |
| BlackRock 80/20 Target Allocation Fund | | | | | | | |
| Institutional | \$1,000.00 | \$897.90 | \$0.82 | \$1,000.00 | \$1,024.13 | \$0.88 | 0.17% |
| Investor A | 1,000.00 | 896.10 | 2.43 | 1,000.00 | 1,022.43 | 2.60 | 0.51 |
| Investor C | 1,000.00 | 892.70 | 5.98 | 1,000.00 | 1,018.68 | 6.38 | 1.26 |
| Class K | 1,000.00 | 898.00 | 0.73 | 1,000.00 | 1,024.23 | 0.78 | 0.15 |
| Class R | 1,000.00 | 895.70 | 3.19 | 1,000.00 | 1,021.63 | 3.40 | 0.67 |

^(a) Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 366.

^(b) Expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 183/366 (to reflect the one-half year period shown). Because the Funds invest in master portfolios that are managed by subsidiaries of BlackRock, Inc. (the "Master Portfolios"), the expense examples reflect the expenses of both the Funds and the Master Portfolios in which they invest. The fees and expenses of the underlying funds in which the Funds invest are not included in the Funds' annualized expense ratios. See "Disclosure of Expenses" above for further information on how expenses were calculated.

Schedule of Investments (unaudited)

March 31, 2020

BlackRock 20/80 Target Allocation Fund

(Percentages shown are based on Net Assets)

| Security | Shares/ Investment Value | Value |
|---|--------------------------------|----------------|
| Affiliated Investment Companies^(d) — 101.9% | | |
| Equity Funds — 20.3% | | |
| BlackRock Emerging Markets Fund, Inc., | | |
| Class K | 320,689 | \$ 6,506,772 |
| iShares Core MSCI EAFE ETF | 143,271 | 7,147,790 |
| iShares Core S&P 500 ETF | 26,907 | 6,952,769 |
| iShares Core S&P Total U.S. Stock Market ETF | 363,596 | 20,801,327 |
| iShares Edge MSCI Min Vol USA ETF | 186,562 | 10,076,214 |
| iShares Edge MSCI USA Quality Factor ETF | 86,194 | 6,985,162 |
| Master Advantage Large Cap Core Portfolio | \$ 9,775,409 | 9,775,409 |
| | | 68,245,443 |
| Fixed-Income Funds — 79.7% | | |
| BlackRock Strategic Income Opportunities | | |
| Portfolio, Class K | 8,087,317 | 75,454,671 |
| iShares Floating Rate Bond ETF ^(a) | 343,224 | 16,728,738 |
| iShares U.S. Treasury Bond ETF | 1,216,838 | 34,083,632 |
| Master Total Return Portfolio | \$ 73,444,069 | 73,444,069 |
| U.S. Total Bond Index Master Portfolio | \$ 68,147,244 | 68,147,244 |
| | | 267,858,354 |
| Short-Term Securities — 1.9% | | |
| BlackRock Liquidity Funds, T-Fund, Institutional | | |
| Class, 0.21% ^(b) | 6,097,330 | 6,097,330 |
| SL Liquidity Series, LLC, Money Market Series, 0.88% ^{(b)(c)} | 167,382 | 167,348 |
| | | 6,264,678 |
| Total Affiliated Investment Companies — 101.9% | | |
| (Cost: \$343,892,458) | | |
| | | 342,368,475 |
| Liabilities in Excess of Other Assets—(1.9)% | | |
| | | (6,360,613) |
| Net Assets — 100.0% | | |
| | | \$ 336,007,862 |

^(a) Security, or a portion of the security, is on loan.

^(b) Annualized 7-day yield as of period end.

^(c) Security was purchased with the cash collateral from loaned securities.

^(d) Investments in issuers considered to be an affiliate/affiliates of the Fund during the six months ended March 31, 2020 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|---|---|---|--|---|-------------------------|------------|---|---|
| BlackRock Emerging Markets Fund, Inc., | | | | | | | | |
| Class K | 246,521 | 160,346 | (86,178) | 320,689 | \$ 6,506,772 | \$ 149,681 | \$ (331,940) | \$ (967,639) |
| BlackRock High Yield Bond Portfolio, | | | | | | | | |
| Class K ^(b) | — | 1,289,738 | (1,289,738) | — | — | 154,267 | 174,933 | — |
| BlackRock Liquidity Funds, T-Fund, | | | | | | | | |
| Institutional Class | 753,986 | 5,343,344 ^(c) | — | 6,097,330 | 6,097,330 | 6,309 | 3 | — |
| BlackRock Strategic Income | | | | | | | | |
| Opportunities Portfolio, Class K | 4,875,283 | 3,675,043 | (463,009) | 8,087,317 | 75,454,671 | 1,094,642 | 1,510 | (4,476,626) |
| iShares 20+ Year Treasury Bond ETF ^(b) | — | 46,273 | (46,273) | — | — | 31,370 | (147,505) | — |
| iShares Core MSCI EAFE ETF | 98,630 | 47,640 | (2,999) | 143,271 | 7,147,790 | 91,438 | (28,667) | (1,092,438) |
| iShares Core S&P 500 ETF | — | 31,877 | (4,970) | 26,907 | 6,952,769 | 39,402 | (404,681) | (1,738,430) |
| iShares Core S&P Total U.S. Stock | | | | | | | | |
| Market ETF | 325,774 | 153,917 | (116,095) | 363,596 | 20,801,327 | 219,432 | 946,085 | (3,283,958) |
| iShares Edge MSCI Min Vol USA ETF | 334,373 | 49,521 | (197,332) | 186,562 | 10,076,214 | 116,857 | 467,631 | (2,101,729) |
| iShares Edge MSCI USA Quality Factor | | | | | | | | |
| ETF | — | 88,722 | (2,528) | 86,194 | 6,985,162 | 63,181 | (21,728) | (1,008,063) |
| iShares Edge MSCI USA Size Factor | | | | | | | | |
| ETF ^(b) | — | 69,781 | (69,781) | — | — | 22,184 | 334,531 | — |
| iShares Floating Rate Bond ETF | 302,368 | 346,712 | (305,856) | 343,224 | 16,728,738 | 91,841 | (30,413) | (724,004) |
| iShares MBS ETF ^(b) | 220,719 | 7,568 | (228,287) | — | — | 116,198 | 320,017 | (385,123) |
| iShares U.S. Treasury Bond ETF | 933,300 | 520,201 | (236,663) | 1,216,838 | 34,083,632 | 256,710 | (4,281) | 1,854,306 |
| Master Advantage Large Cap Core | | | | | | | | |
| Portfolio | \$ 9,187,612 | \$ 587,797 ^{(c)(d)} | \$ — | \$ 9,775,409 | 9,775,409 | 74,564 | (6,690) | (1,214,785) |

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|--|---|---|--|---|-------------------------|----------------------|---|---|
| Master Total Return Portfolio | \$61,575,302 | \$11,868,767 ^{(c)(d)} | \$ — | \$73,444,069 | \$ 73,444,069 | \$1,007,451 | \$ 1,173,258 | \$ (2,151,017) |
| U.S. Total Bond Index Master Portfolio . . . | \$67,668,900 | \$ 478,344 ^{(c)(d)} | \$ — | \$68,147,244 | 68,147,244 | 921,490 | 287,542 | 1,049,432 |
| SL Liquidity Series, LLC, Money Market Series | 15,106,317 | — | (14,938,935) ^(c) | 167,382 | 167,348 | 9,623 ^(e) | 1,181 | 720 |
| | | | | | <u>\$342,368,475</u> | <u>\$4,466,640</u> | <u>\$ 2,730,786</u> | <u>\$(16,239,354)</u> |

^(a) Includes net capital gain distributions, if applicable.

^(b) As of period end, the entity is no longer held by the Fund.

^(c) Represents net shares/investment value purchased (sold).

^(d) Inclusive of income, expense, realized and unrealized gains and losses allocated from the Master Portfolio.

^(e) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

Portfolio Abbreviation

ETF Exchange-Traded Fund

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|---------|---------|----------------------|
| Assets: | | | | |
| Investments: | | | | |
| Affiliated Investment Companies ^(a) | \$190,834,405 | \$ — | \$ — | \$190,834,405 |
| Investments Valued at NAV ^(b) | | | | 151,534,070 |
| Total Investments | | | | <u>\$342,368,475</u> |

^(a) See above Schedule of Investments for values in each security type.

^(b) Certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

See notes to financial statements.

Schedule of Investments (unaudited)

March 31, 2020

BlackRock 40/60 Target Allocation Fund

(Percentages shown are based on Net Assets)

| Security | Shares/ Investment Value | Value |
|---|--------------------------------|-----------------------|
| Affiliated Investment Companies^(e) — 102.6% | | |
| Equity Funds — 41.2% | | |
| BlackRock Emerging Markets Fund, Inc., Class K | 514,306 | \$ 10,435,262 |
| BlackRock Technology Opportunities Fund, Class K ^(a) | 222,686 | 7,431,030 |
| iShares Core MSCI EAFE ETF | 386,103 | 19,262,679 |
| iShares Core S&P 500 ETF | 43,458 | 11,229,547 |
| iShares Core S&P Total U.S. Stock Market ETF | 1,042,783 | 59,657,615 |
| iShares Edge MSCI Min Vol USA ETF | 201,224 | 10,868,108 |
| iShares Edge MSCI USA Quality Factor ETF | 185,588 | 15,040,052 |
| Master Advantage Large Cap Core Portfolio | \$ 14,617,564 | 14,617,564 |
| | | 148,541,857 |
| Fixed-Income Funds — 60.1% | | |
| BlackRock Strategic Income Opportunities Portfolio, Class K | 4,895,518 | 45,675,184 |
| iShares Floating Rate Bond ETF ^(b) | 155,949 | 7,600,954 |
| iShares U.S. Treasury Bond ETF | 1,440,640 | 40,352,326 |
| Master Total Return Portfolio | \$ 75,292,554 | 75,292,554 |
| U.S. Total Bond Index Master Portfolio | \$ 47,410,037 | 47,410,037 |
| | | 216,331,055 |
| Short-Term Securities — 1.3% | | |
| BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.21% ^(c) | 4,422,176 | 4,422,176 |
| SL Liquidity Series, LLC, Money Market Series, 0.88% ^{(c)(d)} | 178,328 | 178,292 |
| | | 4,600,468 |
| Total Affiliated Investment Companies — 102.6% | | |
| (Cost: \$371,403,265) | | 369,473,380 |
| Liabilities in Excess of Other Assets—(2.6)% | | (9,270,562) |
| Net Assets — 100.0% | | <u>\$ 360,202,818</u> |

(a) Non-income producing security.

(b) Security, or a portion of the security, is on loan.

(c) Annualized 7-day yield as of period end.

(d) Security was purchased with the cash collateral from loaned securities.

(e) Investments in issuers considered to be an affiliate/affiliates of the Fund during the six months ended March 31, 2020 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|--|---|---|--|---|-------------------------|------------|---|---|
| BlackRock Emerging Markets Fund, Inc., Class K | 580,541 | 222,162 | (288,397) | 514,306 | \$ 10,435,262 | \$ 296,843 | \$ (989,756) | \$ (1,327,976) |
| BlackRock Global Allocation Fund, Inc., Class K ^(b) | 803,937 | 43,173 | (847,110) | — | — | 97,558 | 1,827,250 | (852,535) |
| BlackRock Liquidity Funds, T-Fund, Institutional Class | 756,363 | 3,665,813 ^(c) | — | 4,422,176 | 4,422,176 | 6,699 | 3 | — |
| BlackRock Strategic Income Opportunities Portfolio, Class K | 1,906,053 | 3,552,083 | (562,618) | 4,895,518 | 45,675,184 | 642,564 | (38,784) | (2,722,413) |
| BlackRock Technology Opportunities Fund, Class K | — | 239,269 | (16,583) | 222,686 | 7,431,030 | — | (4,080) | (1,025,591) |
| BlackRock Technology Opportunities Fund, Institutional Class ^(b) | 221,422 | 6,464 | (227,886) | — | — | — | 1,506,341 | (129,580) |
| iShares 20+ Year Treasury Bond ETF ^(b) | — | 52,566 | (52,566) | — | — | 36,611 | (179,845) | — |
| iShares Core MSCI EAFE ETF | 235,878 | 162,212 | (11,987) | 386,103 | 19,262,679 | 207,475 | (59,820) | (3,117,264) |
| iShares Core S&P 500 ETF | — | 49,911 | (6,453) | 43,458 | 11,229,547 | 64,304 | (486,100) | (2,793,686) |
| iShares Core S&P Total U.S. Stock Market ETF | 717,038 | 585,574 | (259,829) | 1,042,783 | 59,657,615 | 534,608 | 1,002,019 | (9,909,972) |
| iShares Edge MSCI Min Vol USA ETF | 462,249 | 31,992 | (293,017) | 201,224 | 10,868,108 | 129,618 | 978,703 | (2,877,879) |
| iShares Edge MSCI USA Size Factor ETF ^(b) | — | 120,335 | (120,335) | — | — | 38,801 | 583,184 | — |

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|--|---|---|--|---|-------------------------|-------------------------|---|---|
| iShares Edge MSCI USA Quality Factor | | | | | | | | |
| ETF | — | 191,230 | (5,642) | 185,588 | \$ 15,040,052 | \$ 142,063 | \$ (36,878) | \$ (2,355,013) |
| iShares Floating Rate Bond ETF | — | 158,693 | (2,744) | 155,949 | 7,600,954 | 26,841 | (2,715) | (329,895) |
| iShares MBS ETF ^(b) | 231,466 | 3,559 | (235,025) | — | — | 120,984 | 335,884 | (402,499) |
| iShares U.S. Treasury Bond ETF | 708,261 | 838,584 | (106,205) | 1,440,640 | 40,352,326 | 241,552 | 1,084 | 2,189,946 |
| Master Advantage Large Cap Core | | | | | | | | |
| Portfolio | \$29,636,359 | \$ — | \$(15,018,795) ^{(c)(d)} | \$14,617,564 | 14,617,564 | 707,406 | 212,160 | (1,664,991) |
| Master Total Return Portfolio | \$81,108,082 | \$ — | \$(5,815,528) ^{(c)(d)} | \$75,292,554 | 75,292,554 | 109,959 | 229,872 | (2,294,610) |
| U.S. Total Bond Index Master Portfolio | \$66,951,706 | \$ — | \$(19,541,669) ^{(c)(d)} | \$47,410,037 | 47,410,037 | 1,254,272 | 1,357,506 | 1,816,725 |
| SL Liquidity Series, LLC, Money Market | | | | | | | | |
| Series | 11,043 | 167,285 ^(c) | — | 178,328 | \$ 178,292 | \$ 9,446 ^(e) | \$ 1,774 | \$ 88 |
| | | | | | <u>\$369,473,380</u> | <u>\$4,667,604</u> | <u>\$ 6,237,802</u> | <u>\$(27,797,145)</u> |

^(a) Includes net capital gain distributions, if applicable.

^(b) As of period end, the entity is no longer held by the Fund.

^(c) Represents net shares/investment value purchased (sold).

^(d) Inclusive of income, expense, realized and unrealized gains and losses allocated from the Master Portfolio.

^(e) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

Portfolio Abbreviation

ETF Exchange-Traded Fund

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|---------|---------|----------------------|
| Assets: | | | | |
| Investments: | | | | |
| Affiliated Investment Companies ^(a) | \$231,974,933 | \$ — | \$ — | \$231,974,933 |
| Investments Valued at NAV ^(b) | | | | 137,498,447 |
| Total Investments | | | | <u>\$369,473,380</u> |

^(a) See above Schedule of Investments for values in each security type.

^(b) Certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

See notes to financial statements.

Schedule of Investments (unaudited)

March 31, 2020

BlackRock 60/40 Target Allocation Fund

(Percentages shown are based on Net Assets)

| Security | Shares/ Investment Value | Value |
|---|--------------------------------|----------------|
| Affiliated Investment Companies^(c) — 100.8% | | |
| Equity Funds — 61.3% | | |
| BlackRock Emerging Markets Fund, Inc., Class K | 2,171,860 | \$ 44,067,046 |
| BlackRock Technology Opportunities Fund, Class K ^(a) | 712,251 | 23,767,816 |
| iShares Core MSCI EAFE ETF | 1,290,882 | 64,402,103 |
| iShares Core S&P 500 ETF | 151,763 | 39,215,559 |
| iShares Core S&P Total U.S. Stock Market ETF | 2,854,677 | 163,316,071 |
| iShares Edge MSCI Min Vol USA ETF | 420,176 | 22,693,706 |
| iShares Edge MSCI USA Quality Factor ETF | 582,601 | 47,213,985 |
| iShares Edge MSCI USA Size Factor ETF | 319,481 | 22,804,554 |
| Master Advantage Large Cap Core Portfolio | \$ 38,249,625 | 38,249,625 |
| | | 465,730,465 |
| Fixed-Income Funds — 39.5% | | |
| BlackRock Strategic Income Opportunities Portfolio, Class K | 8,691,435 | 81,091,090 |
| iShares U.S. Treasury Bond ETF | 2,733,733 | 76,571,861 |
| Master Total Return Portfolio | \$ 142,085,322 | 142,085,322 |
| | | 299,748,273 |
| Short-Term Securities — 0.0% | | |
| BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.21% ^(b) | 173,147 | 173,147 |
| Total Affiliated Investment Companies — 100.8% | | |
| (Cost: \$793,503,675) | | 765,651,885 |
| Liabilities in Excess of Other Assets—(0.8)% | | (5,941,474) |
| Net Assets — 100.0% | | \$ 759,710,411 |

(a) Non-income producing security.

(b) Annualized 7-day yield as of period end.

(c) Investments in issuers considered to be an affiliate/affiliates of the Fund during the six months ended March 31, 2020 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|--|---|---|--|---|-------------------------|------------|---|---|
| BlackRock Emerging Markets Fund, Inc., Class K | 2,000,397 | 687,713 | (516,250) | 2,171,860 | \$ 44,067,046 | \$ 967,537 | \$ (2,406,320) | \$ (6,439,659) |
| BlackRock Global Allocation Fund, Inc., Class K ^(c) | 1,388,578 | 69,902 | (1,458,480) | — | — | 171,673 | 3,187,853 | (1,463,715) |
| BlackRock Liquidity Funds, T-Fund, Institutional Class | 2,483,998 | — | (2,310,851) ^(b) | 173,147 | 173,147 | 12,588 | 1 | — |
| BlackRock Strategic Income Opportunities Portfolio, Class K | 3,560,807 | 6,593,387 | (1,462,759) | 8,691,435 | 81,091,090 | 1,245,610 | (230,868) | (5,040,535) |
| BlackRock Technology Opportunities Fund, Institutional Class ^(c) | 1,033,716 | 23,811 | (1,057,527) | — | — | — | 7,007,230 | (598,583) |
| BlackRock Technology Opportunities Fund, Class K | — | 1,053,179 | (340,928) | 712,251 | 23,767,816 | — | 77,273 | (3,464,329) |
| iShares 7-10 Year Treasury Bond ETF ^(c) | — | — | — | — | — | 336 | — | — |
| iShares 20+ Year Treasury Bond ETF ^(c) | — | 119,369 | (119,369) | — | — | 83,232 | (409,633) | — |
| iShares Core MSCI EAFE ETF | 933,504 | 395,244 | (37,866) | 1,290,882 | 64,402,103 | 835,643 | (385,486) | (11,673,072) |
| iShares Core S&P 500 ETF | — | 167,546 | (15,783) | 151,763 | 39,215,559 | 231,860 | (1,182,109) | (10,343,686) |
| iShares Core S&P Total U.S. Stock Market ETF | 2,286,579 | 681,569 | (113,471) | 2,854,677 | 163,316,071 | 1,820,759 | (791,011) | (25,018,873) |
| iShares Edge MSCI Min Vol USA ETF | 1,068,591 | 20,594 | (669,009) | 420,176 | 22,693,706 | 292,748 | 2,387,901 | (6,738,914) |
| iShares Edge MSCI USA Momentum Factor ETF ^(c) | 222,798 | — | (222,798) | — | — | — | 3,161,231 | (3,440,942) |
| iShares Edge MSCI USA Quality Factor ETF | 273,810 | 326,315 | (17,524) | 582,601 | 47,213,985 | 475,520 | (93,945) | (5,598,416) |
| iShares Edge MSCI USA Size Factor ETF | — | 407,699 | (88,218) | 319,481 | 22,804,554 | 256,272 | 275,907 | (6,428,091) |
| iShares MBS ETF ^(c) | 233,600 | 147,610 | (381,210) | — | — | 159,488 | 473,711 | (561,197) |

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|---|---|---|--|---|-------------------------|-----------------------|---|---|
| iShares U.S. Treasury Bond ETF | 985,882 | 1,987,064 | (239,213) | 2,733,733 | \$ 76,571,861 | \$ 453,090 | \$ (18,710) | \$ 4,559,062 |
| Master Advantage Large Cap Core Portfolio | \$ 85,784,222 | \$ — | \$(47,534,597) ^{(b)(d)} | \$ 38,249,625 | 38,249,625 | 535,986 | 2,865,595 | (2,035,569) |
| Master Total Return Portfolio | \$178,897,551 | \$ — | \$(36,812,229) ^{(b)(d)} | \$142,085,322 | 142,085,322 | 2,441,254 | 741,468 | (4,903,527) |
| U.S. Total Bond Index Master Portfolio ^(c) .. | \$ 59,455,077 | \$ — | \$(59,455,077) ^{(b)(d)} | \$ — | — | 66,322 | 3,205,123 | (3,232,166) |
| SL Liquidity Series, LLC, Money Market Series ^(c) | — | — | — | — | — | 12,352 ^(e) | (3,376) | — |
| | | | | | <u>\$765,651,885</u> | <u>\$10,062,270</u> | <u>\$ 17,861,835</u> | <u>\$(92,422,212)</u> |

^(a) Includes net capital gain distributions, if applicable.

^(b) Represents net shares/investment value purchased (sold).

^(c) As of period end, the entity is no longer held by the Fund.

^(d) Inclusive of income, expense, realized and unrealized gains and losses allocated from the Master Portfolio.

^(e) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

Portfolio Abbreviation

ETF Exchange-Traded Fund

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|---------|---------|----------------------|
| Assets: | | | | |
| Investments: | | | | |
| Affiliated Investment Companies ^(a) | \$585,316,938 | \$ — | \$ — | \$585,316,938 |
| Investments Valued at NAV ^(b) | | | | <u>180,334,947</u> |
| Total Investments | | | | <u>\$765,651,885</u> |

^(a) See above Schedule of Investments for values in each security type.

^(b) Certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

See notes to financial statements.

Schedule of Investments (unaudited)

March 31, 2020

BlackRock 80/20 Target Allocation Fund

(Percentages shown are based on Net Assets)

| Security | Shares/ Investment Value | Value |
|---|--------------------------------|----------------|
| Affiliated Investment Companies^(c) — 100.5% | | |
| Equity Funds — 80.7% | | |
| BlackRock Emerging Markets Fund, Inc., Class K | 1,372,796 | \$ 27,854,027 |
| BlackRock Technology Opportunities Fund, Class K ^(a) | 464,938 | 15,514,983 |
| iShares Core MSCI EAFE ETF | 831,308 | 41,473,956 |
| iShares Core S&P 500 ETF | 156,087 | 40,332,881 |
| iShares Core S&P Total U.S. Stock Market ETF | 1,402,784 | 80,253,273 |
| iShares Edge MSCI Min Vol USA ETF | 331,360 | 17,896,753 |
| iShares Edge MSCI USA Quality Factor ETF | 361,341 | 29,283,075 |
| iShares Edge MSCI USA Size Factor ETF | 147,551 | 10,532,190 |
| Master Advantage Large Cap Core Portfolio | \$ 28,408,971 | 28,408,971 |
| | | 291,550,109 |
| Fixed-Income Funds — 19.7% | | |
| BlackRock Strategic Income Opportunities Portfolio, Class K | 774,756 | 7,228,477 |
| iShares U.S. Treasury Bond ETF | 1,025,380 | 28,720,894 |
| Master Total Return Portfolio | \$ 35,220,476 | 35,220,476 |
| | | 71,169,847 |
| Short-Term Securities — 0.1% | | |
| BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.21% ^(b) | 466,750 | 466,750 |
| Total Affiliated Investment Companies — 100.5% | | |
| (Cost: \$385,931,132) | | 363,186,706 |
| Liabilities in Excess of Other Assets—(0.5)% | | (1,926,750) |
| Net Assets — 100.0% | | \$ 361,259,956 |

(a) Non-income producing security.

(b) Annualized 7-day yield as of period end.

(c) Investments in issuers considered to be an affiliate/affiliates of the Fund during the six months ended March 31, 2020 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|--|---|---|--|---|-------------------------|------------|---|---|
| BlackRock Emerging Markets Fund, Inc., Class K | 1,236,770 | 472,839 | (336,813) | 1,372,796 | \$ 27,854,027 | \$ 643,851 | \$ (1,162,066) | \$ (4,067,638) |
| BlackRock Liquidity Funds, T-Fund, Institutional Class | 1,981,772 | — | (1,515,022) ^(b) | 466,750 | 466,750 | 8,344 | 2 | — |
| BlackRock Strategic Income Opportunities Portfolio, Class K | — | 2,531,581 | (1,756,825) | 774,756 | 7,228,477 | 187,298 | 147,369 | (437,490) |
| BlackRock Technology Opportunities Fund, Institutional Class ^(d) | 570,460 | 34,784 | (605,244) | — | — | — | 3,943,641 | (315,305) |
| BlackRock Technology Opportunities Fund, Class K | — | 614,838 | (149,900) | 464,938 | 15,514,983 | — | 75,877 | (2,199,039) |
| International Tilts Master Portfolio ^(d) | \$21,858,604 | \$ — | \$(21,858,604) ^{(b)(c)} | \$ — | — | 91,061 | 736,976 | 1,176,415 |
| iShares 20+ Year Treasury Bond ETF ^(d) | — | 55,847 | (55,847) | — | — | 38,041 | (179,508) | — |
| iShares Core MSCI EAFE ETF | 360,447 | 538,074 | (67,213) | 831,308 | 41,473,956 | 277,321 | 166,141 | (9,571,580) |
| iShares Core S&P 500 ETF | — | 189,444 | (33,357) | 156,087 | 40,332,881 | 341,717 | (121,872) | (8,775,718) |
| iShares Core S&P Small-Cap ETF ^(d) | 102,847 | — | (102,847) | — | — | — | 246,840 | (401,418) |
| iShares Core S&P Total U.S. Stock Market ETF | 1,233,844 | 208,840 | (39,900) | 1,402,784 | 80,253,273 | 933,996 | (216,185) | (12,638,806) |
| iShares Edge MSCI Min Vol USA ETF | 658,994 | 44,769 | (372,403) | 331,360 | 17,896,753 | 224,376 | 407,785 | (3,780,696) |
| iShares Edge MSCI USA Momentum Factor ETF ^(d) | 194,990 | 5,347 | (200,337) | — | — | 50,967 | 3,852,220 | (2,928,244) |
| iShares Edge MSCI USA Quality Factor ETF | 203,617 | 164,164 | (6,440) | 361,341 | 29,283,075 | 289,388 | (72,752) | (4,268,846) |
| iShares Edge MSCI USA Size Factor ETF | — | 186,637 | (39,086) | 147,551 | 10,532,190 | 117,572 | 137,787 | (3,064,756) |
| iShares MBS ETF ^(d) | — | 107,938 | (107,938) | — | — | 27,310 | (14,782) | — |
| iShares U.S. Treasury Bond ETF | — | 1,108,866 | (83,486) | 1,025,380 | 28,720,894 | 125,055 | (15,904) | 1,654,625 |

| Affiliated Issuer | Shares/ Investment Value Held at 09/30/19 | Shares/ Investment Value Purchased | Shares/ Investment Value Sold | Shares/ Investment Value Held at 03/31/20 | Value at 03/31/20 | Income | Net Realized Gain (Loss) ^(a) | Change in Unrealized Appreciation (Depreciation) |
|--|---|---|--|---|-------------------------|-----------------------|---|---|
| Master Advantage Large Cap Core Portfolio | \$38,228,579 | \$ — | \$ (9,819,608) ^{(b)(c)} | \$28,408,971 | \$ 28,408,971 | \$ 282,865 | \$ 180,957 | \$ (3,708,078) |
| Master Total Return Portfolio | \$41,738,959 | \$ — | \$ (6,518,483) ^{(b)(c)} | \$35,220,476 | 35,220,476 | 512,933 | 674,662 | (1,302,367) |
| U.S. Total Bond Index Master Portfolio ^(d) | \$31,000,464 | \$ — | \$ (31,000,464) ^{(b)(c)} | \$ — | — | 29,773 | 1,605,163 | (1,609,930) |
| SL Liquidity Series, LLC, Money Market Series ^(d) | — | — | — | — | — | 10,393 ^(e) | 661 | — |
| | | | | | <u>\$363,186,706</u> | <u>\$4,192,261</u> | <u>\$ 10,393,012</u> | <u>\$(56,238,871)</u> |

^(a) Includes net capital gain distributions, if applicable.

^(b) Represents net shares/investment value purchased (sold).

^(c) Inclusive of income, expense, realized and unrealized gains and losses allocated from the Master Portfolio.

^(d) As of period end, the entity is no longer held by the Fund.

^(e) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

Portfolio Abbreviation

ETF Exchange-Traded Fund

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|---------|---------|----------------------|
| Assets: | | | | |
| Investments: | | | | |
| Affiliated Investment Companies ^(a) | \$299,557,259 | \$ — | \$ — | \$299,557,259 |
| Investments Valued at NAV ^(b) | | | | 63,629,447 |
| Total Investments | | | | <u>\$363,186,706</u> |

^(a) See above Schedule of Investments for values in each security type.

^(b) Certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

See notes to financial statements.

Statements of Assets and Liabilities (unaudited)

March 31, 2020

| | BlackRock 20/80 Target Allocation Fund | BlackRock 40/60 Target Allocation Fund | BlackRock 60/40 Target Allocation Fund | BlackRock 80/20 Target Allocation Fund |
|---|---|---|---|---|
| ASSETS | | | | |
| Investments at value — affiliated ^{(a)(b)} | \$ 342,368,475 | \$ 369,473,380 | \$ 765,651,885 | \$ 363,186,706 |
| Receivables: | | | | |
| Securities lending income — affiliated | 123 | 212 | 770 | 125 |
| Capital shares sold | 1,308,199 | 749,160 | 1,207,397 | 632,455 |
| Dividends — affiliated | 195,860 | 123,139 | 235,417 | 23,145 |
| From the Manager | 6,523 | 9,891 | 17,112 | 16,928 |
| Prepaid expenses | 62,787 | 58,786 | 62,084 | 43,678 |
| Total assets | <u>343,941,967</u> | <u>370,414,568</u> | <u>767,174,665</u> | <u>363,903,037</u> |
| LIABILITIES | | | | |
| Cash collateral on securities loaned at value | 167,503 | 176,875 | — | — |
| Payables: | | | | |
| Investments purchased — affiliated | 5,611,033 | 4,249,057 | 230,018 | 320,267 |
| Administration fees | 4,037 | 4,620 | 30,301 | 2,527 |
| Capital shares redeemed | 1,910,393 | 5,505,783 | 6,707,665 | 2,054,104 |
| Trustees' and Officer's fees | 2,908 | 3,850 | 7,019 | 3,665 |
| Other accrued expenses | 133,167 | 158,382 | 291,330 | 184,137 |
| Other affiliates | 1,785 | 2,353 | 14,043 | 2,744 |
| Service and distribution fees | 103,279 | 110,830 | 183,878 | 75,637 |
| Total liabilities | <u>7,934,105</u> | <u>10,211,750</u> | <u>7,464,254</u> | <u>2,643,081</u> |
| NET ASSETS | <u>\$ 336,007,862</u> | <u>\$ 360,202,818</u> | <u>\$ 759,710,411</u> | <u>\$ 361,259,956</u> |
| NET ASSETS CONSIST OF | | | | |
| Paid-in capital | \$ 332,856,667 | \$ 354,239,570 | \$ 771,293,926 | \$ 371,083,302 |
| Accumulated earnings (loss) | 3,151,195 | 5,963,248 | (11,583,515) | (9,823,346) |
| NET ASSETS | <u>\$ 336,007,862</u> | <u>\$ 360,202,818</u> | <u>\$ 759,710,411</u> | <u>\$ 361,259,956</u> |
| ^(a) Investments at cost — affiliated | \$ 343,892,458 | \$ 371,403,265 | \$ 793,503,675 | \$ 385,931,132 |
| ^(b) Securities loaned at value | \$ 165,667 | \$ 175,464 | \$ — | \$ — |

Statements of Assets and Liabilities (unaudited) (continued)

March 31, 2020

| | BlackRock 20/80 Target Allocation Fund | BlackRock 40/60 Target Allocation Fund | BlackRock 60/40 Target Allocation Fund | BlackRock 80/20 Target Allocation Fund |
|---|---|---|---|---|
| NET ASSET VALUE | | | | |
| Institutional | | | | |
| Net assets | \$ 65,459,920 | \$ 83,854,178 | \$ 152,619,938 | \$ 123,374,145 |
| Shares outstanding ^(a) | 5,814,443 | 7,551,033 | 12,835,358 | 10,979,408 |
| Net asset value | \$ 11.26 | \$ 11.10 | \$ 11.89 | \$ 11.24 |
| Investor A | | | | |
| Net assets | \$ 146,822,967 | \$ 167,870,831 | \$ 479,565,825 | \$ 155,861,138 |
| Shares outstanding ^(a) | 13,213,852 | 15,250,177 | 41,047,109 | 14,153,491 |
| Net asset value | \$ 11.11 | \$ 11.01 | \$ 11.68 | \$ 11.01 |
| Investor C | | | | |
| Net assets | \$ 78,017,356 | \$ 79,147,049 | \$ 81,987,252 | \$ 44,483,141 |
| Shares outstanding ^(a) | 7,085,649 | 7,270,536 | 7,172,188 | 4,176,041 |
| Net asset value | \$ 11.01 | \$ 10.89 | \$ 11.43 | \$ 10.65 |
| Class K | | | | |
| Net assets | \$ 36,979,353 | \$ 18,026,083 | \$ 33,356,621 | \$ 32,029,795 |
| Shares outstanding ^(a) | 3,284,681 | 1,622,186 | 2,805,549 | 2,850,293 |
| Net asset value | \$ 11.26 | \$ 11.11 | \$ 11.89 | \$ 11.24 |
| Class R | | | | |
| Net assets | \$ 8,728,266 | \$ 11,304,677 | \$ 12,180,775 | \$ 5,511,737 |
| Shares outstanding ^(a) | 788,143 | 1,029,506 | 1,044,254 | 503,014 |
| Net asset value | \$ 11.07 | \$ 10.98 | \$ 11.66 | \$ 10.96 |

^(a) Unlimited number of shares authorized, \$0.001 par value.

See notes to financial statements.

Statements of Operations (unaudited)

Six Months Ended March 31, 2020

| | BlackRock 20/80 Target Allocation Fund | BlackRock 40/60 Target Allocation Fund | BlackRock 60/40 Target Allocation Fund | BlackRock 80/20 Target Allocation Fund |
|---|---|---|---|---|
| INVESTMENT INCOME | | | | |
| Dividends — affiliated | \$ 2,453,512 | \$ 2,586,521 | \$ 7,006,356 | \$ 3,265,236 |
| Securities lending income — affiliated — net | 9,623 | 9,446 | 12,352 | 10,393 |
| Other income | 3,332 | 2,990 | 1,757 | 301 |
| Net investment income allocated from the affiliated Master Portfolios: | | | | |
| Income | 2,145,983 | 2,261,556 | 3,461,544 | 1,084,508 |
| Expenses | (142,478) | (189,919) | (417,982) | (167,876) |
| Total investment income | <u>4,469,972</u> | <u>4,670,594</u> | <u>10,064,027</u> | <u>4,192,562</u> |
| EXPENSES | | | | |
| Service and distribution — class specific | 620,751 | 706,263 | 1,212,405 | 507,414 |
| Transfer agent — class specific | 123,126 | 180,773 | 452,548 | 239,942 |
| Administration | 69,126 | 80,175 | 179,662 | 85,655 |
| Registration | 46,854 | 45,911 | 58,798 | 42,818 |
| Accounting services | 33,072 | 33,072 | 33,072 | 33,072 |
| Administration — class specific | 32,487 | 37,719 | 86,741 | 40,300 |
| Professional | 30,782 | 30,525 | 37,581 | 30,330 |
| Printing | 15,410 | 15,928 | 19,782 | 16,128 |
| Trustees and Officer | 6,958 | 7,755 | 11,192 | 7,775 |
| Custodian | 2,423 | 2,146 | 3,463 | 2,088 |
| Recoupment of past waived and/or reimbursed fees — class specific | 361 | 1,602 | — | — |
| Miscellaneous | 6,718 | 7,405 | 10,457 | 7,324 |
| Total expenses | <u>988,068</u> | <u>1,149,274</u> | <u>2,105,701</u> | <u>1,012,846</u> |
| Less: | | | | |
| Fees waived and/or reimbursed by the Manager | (97,306) | (90,450) | (49,410) | (83,941) |
| Administration fees waived — class specific | (8,590) | (10,620) | (44,291) | (30,523) |
| Transfer agent fees waived and/or reimbursed — class specific | (16,989) | (61,378) | (116,392) | (108,317) |
| Total expenses after fees waived and/or reimbursed | <u>865,183</u> | <u>986,826</u> | <u>1,895,608</u> | <u>790,065</u> |
| Net investment income | <u>3,604,789</u> | <u>3,683,768</u> | <u>8,168,419</u> | <u>3,402,497</u> |
| REALIZED AND UNREALIZED GAIN (LOSS) | | | | |
| Net realized gain (loss) from: | | | | |
| Investments — affiliated | 1,150,988 | 3,749,716 | 9,499,368 | 6,861,132 |
| Capital gain distributions from investment companies — affiliated | 125,688 | 688,548 | 1,550,281 | 334,122 |
| Allocation from the affiliated Master Portfolios | 1,454,110 | 1,799,538 | 6,812,186 | 3,197,758 |
| | <u>2,730,786</u> | <u>6,237,802</u> | <u>17,861,835</u> | <u>10,393,012</u> |
| Net change in unrealized appreciation (depreciation) on: | | | | |
| Investments — affiliated | (13,922,984) | (25,654,269) | (82,250,950) | (50,794,911) |
| Allocation from the affiliated Master Portfolios | (2,316,370) | (2,142,876) | (10,171,262) | (5,443,960) |
| | <u>(16,239,354)</u> | <u>(27,797,145)</u> | <u>(92,422,212)</u> | <u>(56,238,871)</u> |
| Net realized and unrealized loss | <u>(13,508,568)</u> | <u>(21,559,343)</u> | <u>(74,560,377)</u> | <u>(45,845,859)</u> |
| NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS | <u>\$ (9,903,779)</u> | <u>\$ (17,875,575)</u> | <u>\$ (66,391,958)</u> | <u>\$ (42,443,362)</u> |

See notes to financial statements.

Statements of Changes in Net Assets

| | BlackRock 20/80 Target Allocation Fund | | BlackRock 40/60 Target Allocation Fund | |
|--|---|------------------------|---|------------------------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended 09/30/19 | Six Months Ended 03/31/20 (unaudited) | Year Ended 09/30/19 |
| INCREASE (DECREASE) IN NET ASSETS | | | | |
| OPERATIONS | | | | |
| Net investment income | \$ 3,604,789 | \$ 7,147,734 | \$ 3,683,768 | \$ 7,891,222 |
| Net realized gain | 2,730,786 | 1,097,419 | 6,237,802 | 3,948,251 |
| Net change in unrealized appreciation (depreciation) | (16,239,354) | 9,182,240 | (27,797,145) | 7,163,566 |
| Net increase (decrease) in net assets resulting from operations | (9,903,779) | 17,427,393 | (17,875,575) | 19,003,039 |
| DISTRIBUTIONS TO SHAREHOLDERS^(a) | | | | |
| Institutional | (1,191,216) | (1,845,509) | (2,039,966) | (4,541,015) |
| Investor A | (3,241,148) | (5,294,433) | (4,289,541) | (11,464,215) |
| Investor C | (1,186,832) | (3,017,479) | (1,437,982) | (5,468,389) |
| Class K | (877,464) | (162,057) | (346,351) | (480,015) |
| Class R | (192,302) | (559,263) | (317,670) | (1,186,781) |
| Decrease in net assets resulting from distributions to shareholders | (6,688,962) | (10,878,741) | (8,431,510) | (23,140,415) |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Net increase in net assets derived from capital share transactions | 46,431,178 | 26,053,675 | 18,563,679 | 11,647,720 |
| NET ASSETS | | | | |
| Total increase (decrease) in net assets | 29,838,437 | 32,602,327 | (7,743,406) | 7,510,344 |
| Beginning of period | 306,169,425 | 273,567,098 | 367,946,224 | 360,435,880 |
| End of period | \$ 336,007,862 | \$ 306,169,425 | \$ 360,202,818 | \$ 367,946,224 |

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to financial statements.

Statements of Changes in Net Assets (continued)

| | BlackRock 60/40 Target Allocation Fund | | BlackRock 80/20 Target Allocation Fund | |
|--|---|------------------------|---|------------------------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended 09/30/19 | Six Months Ended 03/31/20 (unaudited) | Year Ended 09/30/19 |
| INCREASE (DECREASE) IN NET ASSETS | | | | |
| OPERATIONS | | | | |
| Net investment income | \$ 8,168,419 | \$ 15,716,995 | \$ 3,402,497 | \$ 5,885,391 |
| Net realized gain | 17,861,835 | 9,285,669 | 10,393,012 | 3,891,683 |
| Net change in unrealized appreciation (depreciation) | (92,422,212) | 22,212,617 | (56,238,871) | (1,350,456) |
| Net increase (decrease) in net assets resulting from operations | (66,391,958) | 47,215,281 | (42,443,362) | 8,426,618 |
| DISTRIBUTIONS TO SHAREHOLDERS^(a) | | | | |
| Institutional | (6,274,412) | (7,250,440) | (3,431,216) | (5,836,278) |
| Investor A | (19,637,878) | (18,659,907) | (4,098,713) | (8,297,719) |
| Investor C | (2,674,572) | (5,431,522) | (862,069) | (2,328,353) |
| Class K | (1,101,930) | (1,189,307) | (701,406) | (761,052) |
| Class R | (461,998) | (1,088,428) | (152,195) | (525,225) |
| Decrease in net assets resulting from distributions to shareholders | (30,150,790) | (33,619,604) | (9,245,599) | (17,748,627) |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Net increase in net assets derived from capital share transactions | 7,412,713 | 303,312,712 | 35,521,989 | 25,330,074 |
| NET ASSETS | | | | |
| Total increase (decrease) in net assets | (89,130,035) | 316,908,389 | (16,166,972) | 16,008,065 |
| Beginning of period | 848,840,446 | 531,932,057 | 377,426,928 | 361,418,863 |
| End of period | \$ 759,710,411 | \$ 848,840,446 | \$ 361,259,956 | \$ 377,426,928 |

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to financial statements.

Financial Highlights

(For a share outstanding throughout each period)

BlackRock 20/80 Target Allocation Fund

| | Institutional | | | | | |
|---|--|--------------------------|-----------|-----------|-----------|-----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.85 | \$ 11.62 | \$ 11.67 | \$ 11.31 | \$ 11.50 | \$ 12.15 |
| Net investment income ^(a) | 0.16 | 0.36 | 0.30 | 0.28 | 0.25 | 0.21 |
| Net realized and unrealized gain (loss) | (0.46) | 0.42 | (0.04) | 0.28 | 0.27 | 0.17 |
| Net increase (decrease) from investment operations | (0.30) | 0.78 | 0.26 | 0.56 | 0.52 | 0.38 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.28) | (0.40) | (0.31) | (0.20) | (0.23) | (0.40) |
| From net realized gain | (0.01) | (0.15) | — | — | (0.48) | (0.63) |
| Total distributions | (0.29) | (0.55) | (0.31) | (0.20) | (0.71) | (1.03) |
| Net asset value, end of period | \$ 11.26 | \$ 11.85 | \$ 11.62 | \$ 11.67 | \$ 11.31 | \$ 11.50 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (2.64)% ^(d) | 7.23% | 2.27% | 5.09% | 4.76% | 3.12% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 0.33% ^(f) | 0.28% | 0.31% | 0.35% | 0.33% | 0.41% |
| Total expenses after fees waived and/or reimbursed ^(e) | 0.18% ^(f) | 0.12% | 0.16% | 0.17% | 0.12% | 0.16% |
| Net investment income ^(e) | 2.66% ^(f) | 3.17% | 2.63% | 2.49% | 2.25% | 1.80% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 65,460 | \$ 46,017 | \$ 42,461 | \$ 52,839 | \$ 49,937 | \$ 22,738 |
| Portfolio turnover rate | 35% | 62% | 64% | 80% | 95% | 99% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Investments in underlying funds | | | | | |
|---|--|--------------------------|-------|-------|-------|-------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.20% | 0.20% | 0.31% | 0.27% | 0.45% | 0.46% |

^(f) Annualized.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 20/80 Target Allocation Fund (continued)

| | Investor A | | | | | |
|---|--|--------------------------|----------------------|----------------------|------------|----------------------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.68 | \$ 11.46 | \$ 11.51 | \$ 11.16 | \$ 11.37 | \$ 12.02 |
| Net investment income ^(a) | 0.14 | 0.32 | 0.26 | 0.24 | 0.21 | 0.16 |
| Net realized and unrealized gain (loss) | (0.45) | 0.41 | (0.04) | 0.28 | 0.26 | 0.17 |
| Net increase (decrease) from investment operations | (0.31) | 0.73 | 0.22 | 0.52 | 0.47 | 0.33 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.25) | (0.36) | (0.27) | (0.17) | (0.20) | (0.35) |
| From net realized gain | (0.01) | (0.15) | — | — | (0.48) | (0.63) |
| Total distributions | (0.26) | (0.51) | (0.27) | (0.17) | (0.68) | (0.98) |
| Net asset value, end of period | \$ 11.11 | \$ 11.68 | \$ 11.46 | \$ 11.51 | \$ 11.16 | \$ 11.37 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (2.79)% ^(d) | 6.82% | 1.94% | 4.78% | 4.35% | 2.77% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 0.57% ^{(f)(g)} | 0.54% ^(g) | 0.56% ^(g) | 0.60% ^(g) | 0.60% | 0.71% ^(g) |
| Total expenses after fees waived and/or reimbursed ^(e) | 0.51% ^(f) | 0.46% | 0.50% | 0.51% | 0.46% | 0.54% |
| Net investment income ^(e) | 2.32% ^(f) | 2.82% | 2.29% | 2.17% | 1.88% | 1.37% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 146,823 | \$ 137,115 | \$ 122,394 | \$ 143,061 | \$ 171,824 | \$ 75,293 |
| Portfolio turnover rate | 35% | 62% | 64% | 80% | 95% | 99% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|--|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| | Investments in underlying funds | 0.20% | 0.20% | 0.31% | 0.27% | 0.45% |

^(f) Annualized.

^(g) Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the year ended September 30, 2015 the ratio would have been 0.70%. There was no financial impact to the expense ratios for the six months ended March 31, 2020 and the years ended September 30, 2019, September 30, 2018 and September 30, 2017.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 20/80 Target Allocation Fund (continued)

| | Investor C | | | | | |
|---|--|--------------------------|----------------------|----------------------|----------------------|----------------------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.54 | \$ 11.30 | \$ 11.34 | \$ 11.01 | \$ 11.24 | \$ 11.91 |
| Net investment income ^(a) | 0.09 | 0.23 | 0.17 | 0.16 | 0.12 | 0.07 |
| Net realized and unrealized gain (loss) | (0.45) | 0.42 | (0.04) | 0.28 | 0.27 | 0.16 |
| Net increase (decrease) from investment operations | (0.36) | 0.65 | 0.13 | 0.44 | 0.39 | 0.23 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.16) | (0.26) | (0.17) | (0.11) | (0.14) | (0.27) |
| From net realized gain | (0.01) | (0.15) | — | — | (0.48) | (0.63) |
| Total distributions | (0.17) | (0.41) | (0.17) | (0.11) | (0.62) | (0.90) |
| Net asset value, end of period | \$ 11.01 | \$ 11.54 | \$ 11.30 | \$ 11.34 | \$ 11.01 | \$ 11.24 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (3.21)% ^(d) | 6.10% | 1.14% | 4.01% | 3.64% | 1.92% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 1.31% ^{(f)(g)} | 1.28% ^(g) | 1.31% ^(g) | 1.35% ^(g) | 1.33% ^(g) | 1.44% ^(g) |
| Total expenses after fees waived and/or reimbursed ^(e) | 1.25% ^(f) | 1.22% | 1.25% | 1.26% | 1.21% | 1.27% |
| Net investment income ^(e) | 1.58% ^(f) | 2.09% | 1.54% | 1.42% | 1.11% | 0.62% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 78,017 | \$ 79,944 | \$ 91,279 | \$ 118,900 | \$ 147,046 | \$ 57,521 |
| Portfolio turnover rate | 35% | 62% | 64% | 80% | 95% | 99% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Investor C | | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.20% | 0.20% | 0.31% | 0.27% | 0.45% | 0.46% |

^(f) Annualized.

^(g) Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the years ended September 30, 2019 and September 30, 2018, the ratios would have been 1.27% and 1.30%, respectively. There was no financial impact to the expense ratios for the six months ended March 31, 2020 and the years ended September 30, 2017, September 30, 2016 and September 30, 2015.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 20/80 Target Allocation Fund (continued)

| | Class K | | | | |
|---|---|--------------------------|----------|----------|---|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 03/28/2016 ^(a) to 09/30/2016 |
| | | 2019 | 2018 | 2017 | |
| Net asset value, beginning of period | \$ 11.85 | \$ 11.62 | \$ 11.67 | \$ 11.31 | \$ 10.90 |
| Net investment income ^(b) | 0.16 | 0.33 | 0.30 | 0.29 | 0.12 |
| Net realized and unrealized gain (loss) | (0.45) | 0.45 | (0.04) | 0.28 | 0.29 |
| Net increase (decrease) from investment operations | (0.29) | 0.78 | 0.26 | 0.57 | 0.41 |
| Distributions^(c) | | | | | |
| From net investment income | (0.29) | (0.40) | (0.31) | (0.21) | — |
| From net realized gain | (0.01) | (0.15) | — | — | — |
| Total distributions | (0.30) | (0.55) | (0.31) | (0.21) | — |
| Net asset value, end of period | \$ 11.26 | \$ 11.85 | \$ 11.62 | \$ 11.67 | \$ 11.31 |
| Total Return^(d) | | | | | |
| Based on net asset value | (2.62)% ^(e) | 7.26% | 2.29% | 5.12% | 3.76% ^(e) |
| Ratios to Average Net Assets | | | | | |
| Total expenses ^(f) | 0.24% ^(g) | 0.18% | 0.23% | 0.29% | 0.24% ^(g) |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.16% ^(g) | 0.10% | 0.14% | 0.16% | 0.10% ^(g) |
| Net investment income ^(f) | 2.67% ^(g) | 2.87% | 2.63% | 2.63% | 2.03% ^(g) |
| Supplemental Data | | | | | |
| Net assets, end of period (000) | \$ 36,979 | \$ 31,853 | \$ 3,355 | \$ 1,607 | \$ 207 |
| Portfolio turnover rate | 35% | 62% | 64% | 80% | 95% ^(h) |

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Class K | | | | |
|---|---|--------------------------|-------|-------|---|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 03/28/2016 ^(a) to 09/30/2016 |
| | | 2019 | 2018 | 2017 | |
| Investments in underlying funds | 0.20% | 0.20% | 0.31% | 0.27% | 0.45% |

^(g) Annualized.

^(h) Portfolio turnover is representative of the Fund for the entire year.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 20/80 Target Allocation Fund (continued)

| | Class R | | | | | |
|---|--|--------------------------|-----------|-----------|----------------------|----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.62 | \$ 11.39 | \$ 11.44 | \$ 11.10 | \$ 11.30 | \$ 11.96 |
| Net investment income ^(a) | 0.12 | 0.28 | 0.22 | 0.21 | 0.17 | 0.12 |
| Net realized and unrealized gain (loss) | (0.46) | 0.42 | (0.03) | 0.27 | 0.27 | 0.17 |
| Net increase (decrease) from investment operations | (0.34) | 0.70 | 0.19 | 0.48 | 0.44 | 0.29 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.20) | (0.32) | (0.24) | (0.14) | (0.16) | (0.32) |
| From net realized gain | (0.01) | (0.15) | — | — | (0.48) | (0.63) |
| Total distributions | (0.21) | (0.47) | (0.24) | (0.14) | (0.64) | (0.95) |
| Net asset value, end of period | \$ 11.07 | \$ 11.62 | \$ 11.39 | \$ 11.44 | \$ 11.10 | \$ 11.30 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (3.03)% ^(d) | 6.58% | 1.64% | 4.39% | 4.11% | 2.41% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 0.87% ^{(f)(g)} | 0.85% ^(g) | 0.89% | 0.93% | 0.91% ^(g) | 1.01% |
| Total expenses after fees waived and/or reimbursed ^(e) | 0.81% ^(f) | 0.78% | 0.81% | 0.82% | 0.77% | 0.79% |
| Net investment income ^(e) | 2.04% ^(f) | 2.55% | 1.97% | 1.86% | 1.58% | 1.05% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 8,728 | \$ 11,241 | \$ 14,079 | \$ 15,209 | \$ 15,976 | \$ 9,331 |
| Portfolio turnover rate | 35% | 62% | 64% | 80% | 95% | 99% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | | | | | |
|---------------------------------|---------------------------------------|-------|-------|-------|-------|-------|
| | Year Ended September 30, | | | | | |
| | 2019 | 2018 | 2017 | 2016 | 2015 | |
| Investments in underlying funds | 0.20% | 0.20% | 0.31% | 0.27% | 0.45% | 0.46% |

^(f) Annualized.

^(g) Includes recoupment of past waived and/or reimbursed fees. There was no financial impact to the expense ratios for the six months ended March 31, 2020 and the years ended September 30, 2019 and September 30, 2016.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 40/60 Target Allocation Fund

| | Institutional | | | | | |
|---|---|--------------------------|-----------|-----------|-----------|-----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.95 | \$ 12.17 | \$ 11.91 | \$ 11.18 | \$ 11.54 | \$ 12.64 |
| Net investment income ^(a) | 0.14 | 0.31 | 0.28 | 0.26 | 0.23 | 0.20 |
| Net realized and unrealized gain (loss) | (0.67) | 0.31 | 0.28 | 0.67 | 0.45 | 0.03 |
| Net increase (decrease) from investment operations | (0.53) | 0.62 | 0.56 | 0.93 | 0.68 | 0.23 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.32) | (0.27) | (0.30) | (0.20) | (0.23) | (0.34) |
| From net realized gain | — | (0.57) | — | — | (0.81) | (0.99) |
| Total distributions | (0.32) | (0.84) | (0.30) | (0.20) | (1.04) | (1.33) |
| Net asset value, end of period | \$ 11.10 | \$ 11.95 | \$ 12.17 | \$ 11.91 | \$ 11.18 | \$ 11.54 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (4.64)% ^(d) | 6.00% | 4.74% | 8.48% | 6.31% | 1.66% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 0.39% ^(f) | 0.34% | 0.32% | 0.36% | 0.35% | 0.43% |
| Total expenses after fees waived and/or reimbursed ^(e) | 0.19% ^(f) | 0.14% | 0.15% | 0.16% | 0.12% | 0.14% |
| Net investment income ^(e) | 2.39% ^(f) | 2.69% | 2.37% | 2.29% | 2.12% | 1.67% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 83,854 | \$ 73,817 | \$ 66,357 | \$ 60,948 | \$ 45,376 | \$ 22,581 |
| Portfolio turnover rate | 49% | 68% | 79% | 74% | 103% | 117% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|---|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.18% | 0.20% | 0.30% | 0.29% | 0.46% | 0.46% |

^(f) Annualized.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 40/60 Target Allocation Fund (continued)

| | Investor A | | | | | |
|---|--|--------------------------|----------------------|------------|----------------------|----------------------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.83 | \$ 12.06 | \$ 11.80 | \$ 11.08 | \$ 11.46 | \$ 12.56 |
| Net investment income ^(a) | 0.12 | 0.27 | 0.24 | 0.22 | 0.20 | 0.15 |
| Net realized and unrealized gain (loss) | (0.66) | 0.30 | 0.28 | 0.67 | 0.43 | 0.04 |
| Net increase (decrease) from investment operations | (0.54) | 0.57 | 0.52 | 0.89 | 0.63 | 0.19 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.28) | (0.23) | (0.26) | (0.17) | (0.20) | (0.30) |
| From net realized gain | — | (0.57) | — | — | (0.81) | (0.99) |
| Total distributions | (0.28) | (0.80) | (0.26) | (0.17) | (1.01) | (1.29) |
| Net asset value, end of period | \$ 11.01 | \$ 11.83 | \$ 12.06 | \$ 11.80 | \$ 11.08 | \$ 11.46 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (4.73)% ^(d) | 5.57% | 4.42% | 8.17% | 5.89% | 1.33% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 0.57% ^{(f)(g)} | 0.53% ^(g) | 0.54% ^(g) | 0.57% | 0.58% ^(g) | 0.68% ^(g) |
| Total expenses after fees waived and/or reimbursed ^(e) | 0.52% ^(f) | 0.48% | 0.49% | 0.50% | 0.46% | 0.50% |
| Net investment income ^(e) | 2.05% ^(f) | 2.36% | 2.02% | 1.93% | 1.81% | 1.24% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 167,871 | \$ 178,719 | \$ 169,126 | \$ 186,642 | \$ 195,865 | \$ 86,088 |
| Portfolio turnover rate | 49% | 68% | 79% | 74% | 103% | 117% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Investor A | | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.18% | 0.20% | 0.30% | 0.29% | 0.46% | 0.46% |

^(f) Annualized.

^(g) Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the years ended September 30, 2019 and September 30, 2018, the ratios would have been 0.52% and 0.53%, respectively. There was no financial impact to the expense ratios for the six months ended March 31, 2020 and the years ended September 30, 2016 and September 30, 2015.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 40/60 Target Allocation Fund (continued)

| | Investor C | | | | | |
|---|--|--------------------------|----------------------|----------------------|----------------------|----------------------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.66 | \$ 11.87 | \$ 11.60 | \$ 10.91 | \$ 11.31 | \$ 12.41 |
| Net investment income ^(a) | 0.08 | 0.18 | 0.15 | 0.13 | 0.11 | 0.06 |
| Net realized and unrealized gain (loss) | (0.66) | 0.31 | 0.27 | 0.66 | 0.44 | 0.04 |
| Net increase (decrease) from investment operations | (0.58) | 0.49 | 0.42 | 0.79 | 0.55 | 0.10 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.19) | (0.13) | (0.15) | (0.10) | (0.14) | (0.21) |
| From net realized gain | — | (0.57) | — | — | (0.81) | (0.99) |
| Total distributions | (0.19) | (0.70) | (0.15) | (0.10) | (0.95) | (1.20) |
| Net asset value, end of period | \$ 10.89 | \$ 11.66 | \$ 11.87 | \$ 11.60 | \$ 10.91 | \$ 11.31 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (5.09)% ^(d) | 4.78% | 3.63% | 7.32% | 5.18% | 0.57% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 1.32% ^{(f)(g)} | 1.28% ^(g) | 1.29% ^(g) | 1.33% ^(g) | 1.33% ^(g) | 1.44% ^(g) |
| Total expenses after fees waived and/or reimbursed ^(e) | 1.27% ^(f) | 1.23% | 1.24% | 1.25% | 1.21% | 1.27% |
| Net investment income ^(e) | 1.30% ^(f) | 1.63% | 1.26% | 1.18% | 1.04% | 0.47% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 79,147 | \$ 87,646 | \$ 101,711 | \$ 128,703 | \$ 153,937 | \$ 59,026 |
| Portfolio turnover rate | 49% | 68% | 79% | 74% | 103% | 117% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Investor C | | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.18% | 0.20% | 0.30% | 0.29% | 0.46% | 0.46% |

^(f) Annualized.

^(g) Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the years ended September 30, 2019, September 30, 2016 and September 30, 2015, the ratios would have been 1.27%, 1.32%, and 1.43%, respectively. There was no financial impact to the expense ratios for the six months ended March 31, 2020 and the years ended September 30, 2018 and September 30, 2017.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 40/60 Target Allocation Fund (continued)

| | Class K | | | | |
|---|---|--------------------------|----------|----------|---|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 03/28/2016 ^(a) to 09/30/2016 |
| | | 2019 | 2018 | 2017 | |
| Net asset value, beginning of period | \$ 11.96 | \$ 12.18 | \$ 11.92 | \$ 11.19 | \$ 10.68 |
| Net investment income ^(b) | 0.15 | 0.31 | 0.29 | 0.29 | 0.11 |
| Net realized and unrealized gain (loss) | (0.68) | 0.32 | 0.27 | 0.64 | 0.40 |
| Net increase (decrease) from investment operations | (0.53) | 0.63 | 0.56 | 0.93 | 0.51 |
| Distributions^(c) | | | | | |
| From net investment income | (0.32) | (0.28) | (0.30) | (0.20) | — |
| From net realized gain | — | (0.57) | — | — | — |
| Total distributions | (0.32) | (0.85) | (0.30) | (0.20) | — |
| Net asset value, end of period | \$ 11.11 | \$ 11.96 | \$ 12.18 | \$ 11.92 | \$ 11.19 |
| Total Return^(d) | | | | | |
| Based on net asset value | (4.62)% ^(e) | 6.02% | 4.75% | 8.49% | 4.78% ^(e) |
| Ratios to Average Net Assets | | | | | |
| Total expenses ^(f) | 0.24% ^(g) | 0.20% | 0.21% | 0.26% | 0.23% ^(g) |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.17% ^(g) | 0.12% | 0.13% | 0.14% | 0.10% ^(g) |
| Net investment income ^(f) | 2.47% ^(g) | 2.68% | 2.40% | 2.56% | 1.94% ^(g) |
| Supplemental Data | | | | | |
| Net assets, end of period (000) | \$ 18,026 | \$ 10,987 | \$ 4,939 | \$ 2,359 | \$ 253 |
| Portfolio turnover rate | 49% | 68% | 79% | 74% | 103% ^(h) |

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 03/28/2016 ^(a) to 09/30/2016 |
|---|---|--------------------------|-------|-------|---|
| | | 2019 | 2018 | 2017 | |
| Investments in underlying funds | 0.18% | 0.20% | 0.30% | 0.29% | 0.46% |

^(g) Annualized.

^(h) Portfolio turnover is representative of the Fund for the entire year.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 40/60 Target Allocation Fund (continued)

| | Class R | | | | | |
|---|--|--------------------------|-----------|-----------|-----------|-----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 11.78 | \$ 12.00 | \$ 11.75 | \$ 11.04 | \$ 11.40 | \$ 12.49 |
| Net investment income ^(a) | 0.11 | 0.25 | 0.22 | 0.20 | 0.18 | 0.13 |
| Net realized and unrealized gain (loss) | (0.66) | 0.31 | 0.27 | 0.66 | 0.44 | 0.04 |
| Net increase (decrease) from investment operations | (0.55) | 0.56 | 0.49 | 0.86 | 0.62 | 0.17 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.25) | (0.21) | (0.24) | (0.15) | (0.17) | (0.27) |
| From net realized gain | — | (0.57) | — | — | (0.81) | (0.99) |
| Total distributions | (0.25) | (0.78) | (0.24) | (0.15) | (0.98) | (1.26) |
| Net asset value, end of period | \$ 10.98 | \$ 11.78 | \$ 12.00 | \$ 11.75 | \$ 11.04 | \$ 11.40 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (4.83)% ^(d) | 5.45% | 4.18% | 7.94% | 5.80% | 1.18% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(e) | 0.89% ^(f) | 0.85% | 0.84% | 0.88% | 0.89% | 0.96% |
| Total expenses after fees waived and/or reimbursed ^(e) | 0.69% ^(f) | 0.64% | 0.65% | 0.66% | 0.62% | 0.64% |
| Net investment income ^(e) | 1.87% ^(f) | 2.21% | 1.84% | 1.77% | 1.65% | 1.06% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 11,305 | \$ 16,778 | \$ 18,302 | \$ 22,405 | \$ 21,619 | \$ 15,130 |
| Portfolio turnover rate | 49% | 68% | 79% | 74% | 103% | 117% |

^(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) Aggregate total return.

^(e) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.18% | 0.20% | 0.30% | 0.29% | 0.46% | 0.46% |

^(f) Annualized.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 60/40 Target Allocation Fund

| | Institutional | | | | | |
|---|--|--------------------------|------------|-----------------------|-----------|----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 13.37 | \$ 13.74 | \$ 13.20 | \$ 12.08 | \$ 12.39 | \$ 13.64 |
| Net investment income ^(a) | 0.15 | 0.30 | 0.30 | 0.28 | 0.23 | 0.21 |
| Net realized and unrealized gain (loss) | (1.12) | 0.19 | 0.67 | 1.05 | 0.60 | (0.10) |
| Net increase (decrease) from investment operations | (0.97) | 0.49 | 0.97 | 1.33 | 0.83 | 0.11 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.35) | (0.21) | (0.30) | (0.21) | (0.22) | (0.48) |
| From net realized gain | (0.16) | (0.65) | (0.13) | — | (0.92) | (0.88) |
| Total distributions | (0.51) | (0.86) | (0.43) | (0.21) | (1.14) | (1.36) |
| Net asset value, end of period | \$ 11.89 | \$ 13.37 | \$ 13.74 | \$ 13.20 | \$ 12.08 | \$ 12.39 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (7.72)% ^(d) | 4.22% | 7.42% | 11.19% ^(e) | 7.10% | 0.43% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 0.34% ^(g) | 0.34% ^(h) | 0.29% | 0.32% | 0.31% | 0.55% |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.19% ^(g) | 0.15% | 0.15% | 0.14% | 0.11% | 0.13% |
| Net investment income ^(f) | 2.24% ^(g) | 2.36% | 2.22% | 2.27% | 1.95% | 1.60% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 152,620 | \$ 161,196 | \$ 108,221 | \$ 90,274 | \$ 61,601 | \$ 8,755 |
| Portfolio turnover rate | 50% | 69% | 88% | 70% | 94% | 118% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Institutional | | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.21% | 0.19% | 0.27% | 0.26% | 0.42% | 0.46% |

^(g) Annualized.

^(h) Includes non-recurring expenses of board realignment and consolidation and reorganization costs. Without these costs, total expenses would have been 0.32%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 60/40 Target Allocation Fund (continued)

| | Investor A | | | | | |
|---|--|--------------------------|----------------------|-----------------------|----------------------|----------------------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 13.13 | \$ 13.50 | \$ 12.98 | \$ 11.89 | \$ 12.22 | \$ 13.46 |
| Net investment income ^(a) | 0.12 | 0.26 | 0.25 | 0.24 | 0.19 | 0.16 |
| Net realized and unrealized gain (loss) | (1.10) | 0.19 | 0.65 | 1.03 | 0.59 | (0.11) |
| Net increase (decrease) from investment operations | (0.98) | 0.45 | 0.90 | 1.27 | 0.78 | 0.05 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.31) | (0.17) | (0.25) | (0.18) | (0.19) | (0.41) |
| From net realized gain | (0.16) | (0.65) | (0.13) | — | (0.92) | (0.88) |
| Total distributions | (0.47) | (0.82) | (0.38) | (0.18) | (1.11) | (1.29) |
| Net asset value, end of period | \$ 11.68 | \$ 13.13 | \$ 13.50 | \$ 12.98 | \$ 11.89 | \$ 12.22 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (7.93)% ^(d) | 3.94% | 7.03% | 10.86% ^(e) | 6.77% | 0.00% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 0.55% ^(g) | 0.55% ^{(h)(i)} | 0.51% ⁽ⁱ⁾ | 0.55% ⁽ⁱ⁾ | 0.57% ⁽ⁱ⁾ | 0.76% ⁽ⁱ⁾ |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.53% ^(g) | 0.49% | 0.49% | 0.48% | 0.45% | 0.49% |
| Net investment income ^(f) | 1.89% ^(g) | 2.03% | 1.85% | 1.93% | 1.64% | 1.20% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 479,566 | \$ 555,513 | \$ 280,970 | \$ 279,181 | \$ 269,175 | \$ 64,012 |
| Portfolio turnover rate | 50% | 69% | 88% | 70% | 94% | 118% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.21% | 0.19% | 0.27% | 0.26% | 0.42% | 0.46% |

^(g) Annualized.

^(h) Includes non-recurring expenses of board realignment and consolidation and reorganization costs. Without these costs, total expenses would have been 0.53%.

⁽ⁱ⁾ Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the year ended September 30, 2018 the ratio would have been 0.50%. There was no financial impact to the expense ratios for the years ended September 30, 2019, September 30, 2017, September 30, 2016 and September 30, 2015.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 60/40 Target Allocation Fund (continued)

| | Investor C | | | | | |
|---|---|--------------------------|------------|-----------------------|----------------------|-----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 12.81 | \$ 13.17 | \$ 12.66 | \$ 11.61 | \$ 11.99 | \$ 13.21 |
| Net investment income ^(a) | 0.07 | 0.15 | 0.14 | 0.14 | 0.10 | 0.06 |
| Net realized and unrealized gain (loss) | (1.08) | 0.20 | 0.64 | 1.02 | 0.57 | (0.09) |
| Net increase (decrease) from investment operations | (1.01) | 0.35 | 0.78 | 1.16 | 0.67 | (0.03) |
| Distributions^(b) | | | | | | |
| From net investment income | (0.21) | (0.06) | (0.14) | (0.11) | (0.13) | (0.31) |
| From net realized gain | (0.16) | (0.65) | (0.13) | — | (0.92) | (0.88) |
| Total distributions | (0.37) | (0.71) | (0.27) | (0.11) | (1.05) | (1.19) |
| Net asset value, end of period | \$ 11.43 | \$ 12.81 | \$ 13.17 | \$ 12.66 | \$ 11.61 | \$ 11.99 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (8.25)% ^(d) | 3.15% | 6.23% | 10.06% ^(e) | 5.89% | (0.63)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 1.29% ^(g) | 1.30% ^{(h)(i)} | 1.28% | 1.31% | 1.33% ⁽ⁱ⁾ | 1.51% |
| Total expenses after fees waived and/or reimbursed ^(f) | 1.28% ^(g) | 1.24% | 1.24% | 1.23% | 1.20% | 1.22% |
| Net investment income ^(f) | 1.14% ^(g) | 1.23% | 1.10% | 1.17% | 0.88% | 0.45% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 81,987 | \$ 94,713 | \$ 105,283 | \$ 117,602 | \$ 125,371 | \$ 45,308 |
| Portfolio turnover rate | 50% | 69% | 88% | 70% | 94% | 118% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|---|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.21% | 0.19% | 0.27% | 0.26% | 0.42% | 0.46% |

^(g) Annualized.

^(h) Includes non-recurring expenses of board realignment and consolidation and reorganization costs. Without these costs, total expenses would have been 1.27%.

⁽ⁱ⁾ Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the year ended September 30, 2019 the ratio would have been 1.29%. There was no financial impact to the expense ratio for the year ended September 30, 2016.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 60/40 Target Allocation Fund (continued)

| | Class K | | | | |
|---|---|--------------------------|-----------|-----------------------|---|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 03/28/2016 ^(a) to 09/30/2016 |
| | | 2019 | 2018 | 2017 | |
| Net asset value, beginning of period | \$ 13.37 | \$ 13.74 | \$ 13.20 | \$ 12.07 | \$ 11.45 |
| Net investment income ^(b) | 0.16 | 0.30 | 0.30 | 0.28 | 0.11 |
| Net realized and unrealized gain (loss) | (1.13) | 0.19 | 0.67 | 1.06 | 0.51 |
| Net increase (decrease) from investment operations | (0.97) | 0.49 | 0.97 | 1.34 | 0.62 |
| Distributions^(c) | | | | | |
| From net investment income | (0.35) | (0.21) | (0.30) | (0.21) | — |
| From net realized gain | (0.16) | (0.65) | (0.13) | — | — |
| Total distributions | (0.51) | (0.86) | (0.43) | (0.21) | — |
| Net asset value, end of period | \$ 11.89 | \$ 13.37 | \$ 13.74 | \$ 13.20 | \$ 12.07 |
| Total Return^(d) | | | | | |
| Based on net asset value | (7.70)% ^(e) | 4.24% | 7.44% | 11.30% ^(f) | 5.42% ^(e) |
| Ratios to Average Net Assets | | | | | |
| Total expenses ^(g) | 0.20% ^(h) | 0.20% ⁽ⁱ⁾ | 0.18% | 0.24% | 0.22% ^(h) |
| Total expenses after fees waived and/or reimbursed ^(g) | 0.17% ^(h) | 0.13% | 0.13% | 0.12% | 0.09% ^(h) |
| Net investment income ^(g) | 2.31% ^(h) | 2.33% | 2.21% | 2.37% | 1.81% ^(h) |
| Supplemental Data | | | | | |
| Net assets, end of period (000) | \$ 33,357 | \$ 21,488 | \$ 18,719 | \$ 10,395 | \$ 276 |
| Portfolio turnover rate | 50% | 69% | 88% | 70% | 94% ^(j) |

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(g) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 03/28/2016 ^(a) to 09/30/2016 |
|---|---|--------------------------|-------|-------|---|
| | | 2019 | 2018 | 2017 | |
| Investments in underlying funds | 0.21% | 0.19% | 0.27% | 0.26% | 0.42% |

^(h) Annualized.

⁽ⁱ⁾ Includes non-recurring expenses of board realignment and consolidation and reorganization costs. Without these costs, total expenses would have been 0.18%.

^(j) Portfolio turnover is representative of the Fund for the entire year.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 60/40 Target Allocation Fund (continued)

| | Class R | | | | | |
|---|--|--------------------------|-----------|-----------------------|-----------|----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 13.08 | \$ 13.45 | \$ 12.93 | \$ 11.85 | \$ 12.17 | \$ 13.40 |
| Net investment income ^(a) | 0.11 | 0.23 | 0.22 | 0.21 | 0.17 | 0.13 |
| Net realized and unrealized gain (loss) | (1.10) | 0.19 | 0.66 | 1.03 | 0.59 | (0.10) |
| Net increase (decrease) from investment operations | (0.99) | 0.42 | 0.88 | 1.24 | 0.76 | 0.03 |
| Distributions^(b) | | | | | | |
| From net investment income | (0.27) | (0.14) | (0.23) | (0.16) | (0.16) | (0.38) |
| From net realized gain | (0.16) | (0.65) | (0.13) | — | (0.92) | (0.88) |
| Total distributions | (0.43) | (0.79) | (0.36) | (0.16) | (1.08) | (1.26) |
| Net asset value, end of period | \$ 11.66 | \$ 13.08 | \$ 13.45 | \$ 12.93 | \$ 11.85 | \$ 12.17 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (7.99)% ^(d) | 3.68% | 6.85% | 10.59% ^(e) | 6.63% | (0.16)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 0.88% ^(g) | 0.87% ^(h) | 0.84% | 0.86% | 0.90% | 1.03% |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.72% ^(g) | 0.68% | 0.68% | 0.67% | 0.64% | 0.67% |
| Net investment income ^(f) | 1.65% ^(g) | 1.80% | 1.66% | 1.73% | 1.48% | 0.99% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 12,181 | \$ 15,930 | \$ 18,740 | \$ 20,593 | \$ 18,260 | \$ 8,074 |
| Portfolio turnover rate | 50% | 69% | 88% | 70% | 94% | 118% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.21% | 0.19% | 0.27% | 0.26% | 0.42% | 0.46% |

^(g) Annualized.

^(h) Includes non-recurring expenses of board realignment and consolidation and reorganization costs. Without these costs, total expenses would have been 0.84%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 80/20 Target Allocation Fund

| | Institutional | | | | | |
|---|--|--------------------------|------------|-----------------------|-----------|----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 12.83 | \$ 13.26 | \$ 12.47 | \$ 11.11 | \$ 11.67 | \$ 13.84 |
| Net investment income ^(a) | 0.13 | 0.25 | 0.25 | 0.25 | 0.20 | 0.19 |
| Net realized and unrealized gain (loss) | (1.39) | 0.01 | 0.93 | 1.30 | 0.71 | (0.25) |
| Net increase (decrease) from investment operations | (1.26) | 0.26 | 1.18 | 1.55 | 0.91 | (0.06) |
| Distributions^(b) | | | | | | |
| From net investment income | (0.27) | (0.16) | (0.22) | (0.19) | (0.19) | (0.46) |
| From net realized gain | (0.06) | (0.53) | (0.17) | — | (1.28) | (1.65) |
| Total distributions | (0.33) | (0.69) | (0.39) | (0.19) | (1.47) | (2.11) |
| Net asset value, end of period | \$ 11.24 | \$ 12.83 | \$ 13.26 | \$ 12.47 | \$ 11.11 | \$ 11.67 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (10.21)% ^(d) | 2.81% | 9.65% | 14.11% ^(e) | 8.32% | (1.34)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 0.38% ^(g) | 0.39% | 0.36% | 0.34% | 0.43% | 0.72% |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.17% ^(g) | 0.18% | 0.16% | 0.11% | 0.10% | 0.14% |
| Net investment income ^(f) | 2.00% ^(g) | 2.00% | 1.94% | 2.09% | 1.79% | 1.51% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 123,374 | \$ 124,885 | \$ 115,594 | \$ 75,614 | \$ 33,056 | \$ 7,436 |
| Portfolio turnover rate | 63% | 64% | 80% | 59% | 81% | 125% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.20% | 0.19% | 0.21% | 0.21% | 0.39% | 0.41% |

^(g) Annualized.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 80/20 Target Allocation Fund (continued)

| | Investor A | | | | | |
|---|--|--------------------------|------------|-----------------------|------------|-----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 12.56 | \$ 13.00 | \$ 12.23 | \$ 10.92 | \$ 11.50 | \$ 13.66 |
| Net investment income ^(a) | 0.10 | 0.20 | 0.19 | 0.20 | 0.17 | 0.13 |
| Net realized and unrealized gain (loss) | (1.36) | 0.01 | 0.93 | 1.27 | 0.69 | (0.23) |
| Net increase (decrease) from investment operations | (1.26) | 0.21 | 1.12 | 1.47 | 0.86 | (0.10) |
| Distributions^(b) | | | | | | |
| From net investment income | (0.23) | (0.12) | (0.18) | (0.16) | (0.16) | (0.41) |
| From net realized gain | (0.06) | (0.53) | (0.17) | — | (1.28) | (1.65) |
| Total distributions | (0.29) | (0.65) | (0.35) | (0.16) | (1.44) | (2.06) |
| Net asset value, end of period | \$ 11.01 | \$ 12.56 | \$ 13.00 | \$ 12.23 | \$ 10.92 | \$ 11.50 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (10.39)% ^(d) | 2.39% | 9.32% | 13.66% ^(e) | 8.01% | (1.70)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 0.56% ^(g) | 0.57% ^(h) | 0.57% | 0.59% | 0.73% | 0.99% |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.51% ^(g) | 0.52% | 0.50% | 0.45% | 0.44% | 0.47% |
| Net investment income ^(f) | 1.64% ^(g) | 1.66% | 1.54% | 1.73% | 1.57% | 0.99% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 155,861 | \$ 173,105 | \$ 163,604 | \$ 146,811 | \$ 120,613 | \$ 29,595 |
| Portfolio turnover rate | 63% | 64% | 80% | 59% | 81% | 125% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.20% | 0.19% | 0.21% | 0.21% | 0.39% | 0.41% |

^(g) Annualized.

^(h) Includes recoupment of past waived and/or reimbursed fees. There was no financial impact to the expense ratio for the year ended September 30, 2019.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 80/20 Target Allocation Fund (continued)

| | Investor C | | | | | |
|---|--|--------------------------|-----------|-----------------------|-----------|-----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 12.12 | \$ 12.55 | \$ 11.82 | \$ 10.57 | \$ 11.19 | \$ 13.30 |
| Net investment income ^(a) | 0.06 | 0.11 | 0.10 | 0.11 | 0.08 | 0.03 |
| Net realized and unrealized gain (loss) | (1.33) | 0.01 | 0.90 | 1.23 | 0.67 | (0.22) |
| Net increase (decrease) from investment operations | (1.27) | 0.12 | 1.00 | 1.34 | 0.75 | (0.19) |
| Distributions^(b) | | | | | | |
| From net investment income | (0.14) | (0.02) | (0.10) | (0.09) | (0.09) | (0.27) |
| From net realized gain | (0.06) | (0.53) | (0.17) | — | (1.28) | (1.65) |
| Total distributions | (0.20) | (0.55) | (0.27) | (0.09) | (1.37) | (1.92) |
| Net asset value, end of period | \$ 10.65 | \$ 12.12 | \$ 12.55 | \$ 11.82 | \$ 10.57 | \$ 11.19 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (10.73)% ^(d) | 1.63% | 8.55% | 12.81% ^(e) | 7.13% | (2.39)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 1.34% ^(g) | 1.35% | 1.36% | 1.39% | 1.49% | 1.77% |
| Total expenses after fees waived and/or reimbursed ^(f) | 1.26% ^(g) | 1.27% | 1.25% | 1.20% | 1.19% | 1.22% |
| Net investment income ^(f) | 0.89% ^(g) | 0.91% | 0.80% | 0.96% | 0.77% | 0.22% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 44,483 | \$ 51,002 | \$ 55,986 | \$ 51,364 | \$ 38,988 | \$ 16,280 |
| Portfolio turnover rate | 63% | 64% | 80% | 59% | 81% | 125% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.20% | 0.19% | 0.21% | 0.21% | 0.39% | 0.41% |

^(g) Annualized.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 80/20 Target Allocation Fund (continued)

| | Class K | | | | |
|---|---|--------------------------|-----------|-----------------------|--|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 3/28/2016 ^(a) to 09/30/2016 |
| | | 2019 | 2018 | 2017 | |
| Net asset value, beginning of period | \$ 12.83 | \$ 13.26 | \$ 12.47 | \$ 11.12 | \$ 10.40 |
| Net investment income ^(b) | 0.14 | 0.25 | 0.25 | 0.24 | 0.10 |
| Net realized and unrealized gain (loss) | (1.40) | 0.01 | 0.94 | 1.30 | 0.62 |
| Net increase (decrease) from investment operations | (1.26) | 0.26 | 1.19 | 1.54 | 0.72 |
| Distributions^(c) | | | | | |
| From net investment income | (0.27) | (0.16) | (0.23) | (0.19) | — |
| From net realized gain | (0.06) | (0.53) | (0.17) | — | — |
| Total distributions | (0.33) | (0.69) | (0.40) | (0.19) | — |
| Net asset value, end of period | \$ 11.24 | \$ 12.83 | \$ 13.26 | \$ 12.47 | \$ 11.12 |
| Total Return^(d) | | | | | |
| Based on net asset value | (10.20)% ^(e) | 2.83% | 9.66% | 14.02% ^(f) | 6.92% ^(e) |
| Ratios to Average Net Assets | | | | | |
| Total expenses ^(g) | 0.22% ^(h) | 0.23% | 0.22% | 0.29% | 0.33% ^(h) |
| Total expenses after fees waived and/or reimbursed ^(g) | 0.15% ^(h) | 0.16% | 0.14% | 0.09% | 0.08% ^(h) |
| Net investment income ^(g) | 2.10% ^(h) | 2.03% | 1.92% | 2.16% | 1.81% ^(h) |
| Supplemental Data | | | | | |
| Net assets, end of period (000) | \$ 32,030 | \$ 18,804 | \$ 14,403 | \$ 7,687 | \$ 222 |
| Portfolio turnover rate | 63% | 64% | 80% | 59% | 81% ⁽ⁱ⁾ |

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(g) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | Period from 03/28/2016 ^(a) to 09/30/2016 |
|---|---|--------------------------|-------|-------|---|
| | | 2019 | 2018 | 2017 | |
| Investments in underlying funds | 0.20% | 0.19% | 0.21% | 0.21% | 0.39% |

^(h) Annualized.

⁽ⁱ⁾ Portfolio turnover is representative of the Fund for the entire year.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock 80/20 Target Allocation Fund (continued)

| | Class R | | | | | |
|---|--|--------------------------|-----------|-----------------------|----------|----------|
| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value, beginning of period | \$ 12.47 | \$ 12.90 | \$ 12.14 | \$ 10.83 | \$ 11.40 | \$ 13.55 |
| Net investment income ^(a) | 0.09 | 0.18 | 0.17 | 0.18 | 0.15 | 0.10 |
| Net realized and unrealized gain (loss) | (1.35) | 0.01 | 0.92 | 1.27 | 0.69 | (0.23) |
| Net increase (decrease) from investment operations | (1.26) | 0.19 | 1.09 | 1.45 | 0.84 | (0.13) |
| Distributions^(b) | | | | | | |
| From net investment income | (0.19) | (0.09) | (0.16) | (0.14) | (0.13) | (0.37) |
| From net realized gain | (0.06) | (0.53) | (0.17) | — | (1.28) | (1.65) |
| Total distributions | (0.25) | (0.62) | (0.33) | (0.14) | (1.41) | (2.02) |
| Net asset value, end of period | \$ 10.96 | \$ 12.47 | \$ 12.90 | \$ 12.14 | \$ 10.83 | \$ 11.40 |
| Total Return^(c) | | | | | | |
| Based on net asset value | (10.43)% ^(d) | 2.22% | 9.15% | 13.54% ^(e) | 7.81% | (1.89)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses ^(f) | 0.88% ^(g) | 0.89% | 0.90% | 0.91% | 1.05% | 1.25% |
| Total expenses after fees waived and/or reimbursed ^(f) | 0.67% ^(g) | 0.68% | 0.66% | 0.61% | 0.60% | 0.63% |
| Net investment income ^(f) | 1.34% ^(g) | 1.51% | 1.39% | 1.57% | 1.40% | 0.80% |
| Supplemental Data | | | | | | |
| Net assets, end of period (000) | \$ 5,512 | \$ 9,631 | \$ 11,832 | \$ 12,484 | \$ 9,574 | \$ 5,789 |
| Portfolio turnover rate | 63% | 64% | 80% | 59% | 81% | 125% |

^(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) Aggregate total return.

^(e) Includes a payment received from an affiliate, which had no impact on the Fund's total return.

^(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

| | Six Months Ended 03/31/20 (unaudited) | Year Ended September 30, | | | | |
|---------------------------------|--|--------------------------|-------|-------|-------|-------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Investments in underlying funds | 0.20% | 0.19% | 0.21% | 0.21% | 0.39% | 0.41% |

^(g) Annualized.

See notes to financial statements.

1. ORGANIZATION

BlackRock Funds II (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust is organized as a Massachusetts business trust. The Funds will generally invest in other registered investment companies, including exchange-traded funds (“ETFs”), (each an “Underlying Fund” and collectively, the “Underlying Funds”) that are managed by subsidiaries of BlackRock, Inc. (“BlackRock”) and its affiliates and affiliates of the Funds. The Funds may also invest in master portfolios that are managed by subsidiaries of BlackRock (the “Master Portfolios”). The following, each of which is a series of the Trust, are referred to herein collectively as the “Funds” or individually as a “Fund”:

| <i>Fund Name</i> | <i>Herein Referred To As</i> | <i>Diversification Classification</i> |
|--|------------------------------|---------------------------------------|
| BlackRock 20/80 Target Allocation Fund | 20/80 Target Allocation | Diversified |
| BlackRock 40/60 Target Allocation Fund | 40/60 Target Allocation | Diversified |
| BlackRock 60/40 Target Allocation Fund | 60/40 Target Allocation | Diversified |
| BlackRock 80/20 Target Allocation Fund | 80/20 Target Allocation | Diversified |

By owning shares of Underlying Funds and investing in the Master Portfolios, each Fund indirectly invests, to varying degrees, in fixed-income and equity securities. The Funds are subject to the same risks as the Underlying Funds and Master Portfolios in which they invest. Equity funds may include funds that invest in, among other things, domestic and international equities, real estate-related securities or instruments and commodity-related securities or instruments. Fixed-income funds may include funds that invest in, among other things, domestic and non-U.S. bonds, U.S. Government securities, mortgage-backed securities, high yield (or junk) bonds, and cash or money market instruments. Multi-asset funds may include funds that invest in any of the securities or instruments in which equity funds or fixed-income funds may invest. In addition, the Underlying Funds and Master Portfolios may invest in derivatives.

Each Fund offers multiple classes of shares. All classes of shares have identical voting, dividend, liquidation and other rights and are subject to the same terms and conditions, except that certain classes bear expenses related to the shareholder servicing and distribution of such shares. Institutional and Class K Shares are sold only to certain eligible investors. Investor A, Investor C and Class R Shares bear certain expenses related to shareholder servicing of such shares, and Investor C and Class R Shares also bear certain expenses related to the distribution of such shares. Investor A and Investor C Shares are generally available through financial intermediaries. Class R Shares are sold only to certain employer-sponsored retirement plans. Each class has exclusive voting rights with respect to matters relating to its shareholder servicing and distribution expenditures (except that Investor C shareholders may vote on material changes to the Investor A Shares distribution and service plan).

| <i>Share Class</i> | <i>Initial Sales Charge</i> | <i>CDSC</i> | <i>Conversion Privilege</i> |
|---|-----------------------------|--------------------|---|
| Institutional, Class K and Class R Shares | No | No | None |
| Investor A Shares | Yes | No ^(a) | None |
| Investor C Shares | No | Yes ^(b) | To Investor A Shares after approximately 10 years |

^(a) Investor A Shares may be subject to a contingent deferred sales charge (“CDSC”) for certain redemptions where no initial sales charge was paid at the time of purchase.

^(b) A CDSC of 1.00% is assessed on certain redemptions of Investor C Shares made within one year after purchase.

The Funds, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the “Manager”) or its affiliates, are included in a complex of equity, multi-asset, index and money market funds referred to as the BlackRock Multi-Asset Complex.

Prior Year Reorganization: The Board of Trustees of the Trust (the “Board”) and the Board of Trustees of State Farm Mutual Fund Trust and shareholders of State Farm Equity and Bond Fund (the “Target Fund”) approved the reorganization of the Target Fund into 60/40 Target Allocation. As a result, 60/40 Target Allocation acquired all of the assets and assumed certain stated liabilities of the Target Fund in exchange for an equal aggregate value of newly-issued shares of 60/40 Target Allocation.

Each shareholder of the Target Fund received shares of 60/40 Target Allocation in an amount equal to the aggregate net asset value (“NAV”) of such shareholder’s Target Fund shares, as determined at the close of business on November 16, 2018, less the costs of the Target Fund’s reorganization.

The reorganization was accomplished by a tax-free exchange of shares of 60/40 Target Allocation in the following amounts and at the following conversion ratios:

| <i>Target Fund's Share Class</i> | <i>Shares Prior to Reorganization</i> | <i>Conversion Ratio</i> | <i>60/40 Target Allocation's Share Class</i> | <i>Shares of 60/40 Target Allocation</i> |
|----------------------------------|---------------------------------------|-------------------------|--|--|
| Class A | 11,836,654 | 0.78116004 | Investor A | 9,246,321 |
| Class B | 229,538 | 0.78440261 | Investor A | 180,050 |
| Institutional | 3,945,052 | 0.77068342 | Institutional | 3,040,386 |
| Class R-1 | 190,523 | 0.76689938 | Investor A | 146,112 |
| Class R-2 | 752,127 | 0.76868610 | Investor A | 578,150 |
| Class R-3 | 72,659 | 0.75839221 | Institutional | 55,104 |
| Legacy Class B | 240,230 | 0.79802634 | Investor A | 191,710 |
| Premier | 14,488,134 | 0.79450253 | Investor A | 11,510,859 |

Notes to Financial Statements (unaudited) (continued)

The Target Fund's net assets and composition of net assets on November 16, 2018, the valuation date of the reorganization, were as follows:

| | <i>Target Fund</i> |
|----------------------|--------------------|
| Net assets | \$302,217,830 |
| Paid-in capital | 301,187,331 |
| Accumulated earnings | 1,030,499 |

For financial reporting purposes, assets received and shares issued by 60/40 Target Allocation were recorded at fair value. However, the cost basis of the investments received from the Target Fund was carried forward to align ongoing reporting of 60/40 Target Allocation's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

The net assets of 60/40 Target Allocation before the reorganization were \$502,296,512. The aggregate net assets of 60/40 Target Allocation immediately after the reorganization amounted to \$804,514,342. The Target Fund's fair value and cost of investments prior to the reorganization were as follows:

| <i>Target Fund</i> | <i>Fair Value of Investments</i> | <i>Cost of Investments</i> |
|---------------------------------|--------------------------------------|--------------------------------|
| State Farm Equity and Bond Fund | \$296,106,247 | \$295,075,748 |

The purpose of the transaction was to combine the assets of the Target Fund with the assets of 60/40 Target Allocation. The reorganization was a tax-free event and was effective on November 19, 2018.

Assuming the reorganization had been completed on October 1, 2018, the beginning of the fiscal reporting period of 60/40 Target Allocation, the pro forma results of operations for the year ended September 30, 2019, are as follows:

- Net investment income: \$16,639,522
- Net realized and change in unrealized gain on investments: \$18,053,285
- Net increase in net assets resulting from operations: \$34,692,807

Because the combined investment portfolios have been managed as a single integrated portfolio since the reorganization was completed, it is not practicable to separate the amounts of revenue and earnings of the Target Fund that have been included in 60/40 Target Allocation's Statement of Operations since November 19, 2018.

Reorganization costs incurred by 60/40 Target Allocation in connection with the reorganization were expensed by 60/40 Target Allocation.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Each Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

Investment Transactions and Income Recognition: For financial reporting purposes, investment transactions are recorded on the dates the transactions are executed. Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. The Funds record daily their proportionate share of the Master Portfolios' income, expenses and realized and unrealized gains and losses. Income, expenses and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets. In addition to the direct expenses borne by the shareholders of the Funds, the shareholders also bear indirectly a proportionate share of the expenses of the Underlying Funds in which the Funds invest. Capital gain distributions from the Underlying Funds are recorded as realized gains.

Distributions: Distributions paid by the Funds are recorded on the ex-dividend date. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

Indemnifications: In the normal course of business, a Fund enters into contracts that contain a variety of representations that provide general indemnification. A Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against a Fund, which cannot be predicted with any certainty.

Other: Expenses directly related to a Fund or its classes are charged to that Fund or the applicable class. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods. Expenses directly related to the Funds and other shared expenses prorated to the Funds are allocated daily to each class based on their relative net assets or other appropriate methods.

The Funds have an arrangement with their custodian whereby credits are earned on uninvested cash balances, which could be used to reduce custody fees and/or overdraft charges. The Funds may incur charges on certain uninvested cash balances and overdrafts, subject to certain conditions.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Investment Valuation Policies: The Funds' investments are valued at fair value (also referred to as "market value" within the financial statements) as of the close of trading on the New York Stock Exchange ("NYSE") (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds determine the fair values of their financial instruments using various independent dealers or pricing services under policies approved by the Board. If a security's market price is not readily available or does not otherwise accurately

Notes to Financial Statements (unaudited) (continued)

represent the fair value of the security, the security will be valued in accordance with a policy approved by the Board as reflecting fair value. The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

Fair Value Inputs and Methodologies: The following methods and inputs are used to establish the fair value of each Fund's assets and liabilities:

- ETFs traded on a recognized securities exchange are valued at the official closing price each day, if available. For ETFs traded on more than one exchange, the official closing price on the exchange where the ETF is primarily traded is used. ETFs traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.
- Investments in open-end U.S. mutual funds are valued at NAV each business day.
- The Funds value their investment in SL Liquidity Series, LLC, Money Market Series (the "Money Market Series") at fair value, which is ordinarily based upon their pro rata ownership in the Underlying Fund's net assets. The Money Market Series seeks current income consistent with maintaining liquidity and preserving capital. Although the Money Market Series is not registered under the 1940 Act, its investments may follow the parameters of investments by a money market fund that is subject to Rule 2a-7 under the 1940 Act.
- The Funds record their proportionate investment in the Master Portfolios at fair value, which is based upon their pro rata ownership in the net assets of the Master Portfolios.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Global Valuation Committee will include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that each Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 – Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
- Level 2 – Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
- Level 3 – Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Global Valuation Committee's assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds. There may not be a secondary market, and/or there are a limited number of investors. The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

As of March 31, 2020, certain investments of the Funds were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

4. SECURITIES AND OTHER INVESTMENTS

Securities Lending: Certain Funds may lend their securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Funds collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. Government. The initial collateral received by each Fund is required to have a value of at least 102% of the current value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current market value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Fund and any additional required collateral is delivered to the Fund, or excess collateral returned by the Fund, on the next business day. During the term of the loan, the Funds are entitled to all distributions made on or in respect of the loaned securities, but do not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

The market value of any securities on loan, all of which were classified as affiliated investment companies in the Funds' Schedules of Investments, and the value of any related collateral are shown separately in the Statements of Assets and Liabilities as a component of investments at value — affiliated, and collateral on securities loaned at value, respectively. As of period end, any securities on loan were collateralized by cash and/or U.S. Government obligations. Cash collateral invested by the securities lending agent, BlackRock Investment Management, LLC ("BIM"), if any, is disclosed in the Schedules of Investments.

Notes to Financial Statements (unaudited) (continued)

Securities lending transactions are entered into by the Funds under Master Securities Lending Agreements (each, an "MSLA"), which provide the right, in the event of default (including bankruptcy or insolvency), for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional collateral. In the event that a borrower defaults, the Funds, as lender, would offset the market value of the collateral received against the market value of the securities loaned. When the value of the collateral is greater than that of the market value of the securities loaned, the lender is left with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, absent an event of default, the borrower can resell or re-pledge the loaned securities, and a Fund can reinvest cash collateral received in connection with loaned securities. Upon an event of default, the parties' obligations to return the securities or collateral to the other party are extinguished, and the parties can resell or re-pledge the loaned securities or the collateral received in connection with the loaned securities in order to satisfy the defaulting party's net payment obligation for all transactions under the MSLA. The defaulting party remains liable for any deficiency.

As of period end, the following tables are a summary of the Funds' securities lending agreements by counterparty which are subject to offset under an MSLA:

20/80 Target Allocation

| Counterparty | Securities Loaned at Value | Cash Collateral Received ^(a) | Net Amount |
|--|----------------------------------|---|------------|
| Citigroup Global Markets, Inc. | \$ 4,825 | \$ (4,825) | \$ — |
| Credit Suisse Securities (USA) LLC | 160,842 | (160,842) | — |
| | \$165,667 | \$(165,667) | \$ — |

40/60 Target Allocation

| Counterparty | Securities Loaned at Value | Cash Collateral Received ^(a) | Net Amount |
|--|----------------------------------|---|------------|
| Credit Suisse Securities (USA) LLC | \$ 4,874 | \$ (4,874) | \$— |
| JP Morgan Securities LLC | 170,590 | (170,590) | — |
| | \$175,464 | \$(175,464) | \$— |

^(a) Collateral received in excess of the market value of securities on loan is not presented in this table. The total cash collateral received by each Fund is disclosed in the Funds' Statements of Assets and Liabilities.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Funds benefit from a borrower default indemnity provided by BIM. BIM's indemnity allows for full replacement of the securities loaned to the extent the collateral received does not cover the value on the securities loaned in the event of borrower default. Each Fund could incur a loss if the value of an investment purchased with cash collateral falls below the market value of loaned securities or if the value of an investment purchased with cash collateral falls below the value of the original cash collateral received. Such losses are borne entirely by the Funds.

5. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Advisory: The Trust, on behalf of the Funds, entered into an Investment Advisory Agreement with the Manager, the Funds' investment adviser and an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory services. The Manager is responsible for the management of each Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of each Fund. The Manager does not receive any management fees from the Funds for its investment advisory services.

Service and Distribution Fees: The Trust, on behalf of the Funds, entered into a Distribution Agreement and a Distribution and Service Plan with BlackRock Investments, LLC ("BRIL"), an affiliate of the Manager. Pursuant to the Distribution and Service Plan and in accordance with Rule 12b-1 under the 1940 Act, each Fund pays BRIL ongoing service and distribution fees. The fees are accrued daily and paid monthly at annual rates based upon the average daily net assets of the relevant share class of each Fund as follows:

| | Investor A | Investor C | Class R |
|-----------------------------|------------|------------|---------|
| Service Fees | 0.25% | 0.25% | 0.25% |
| Distribution Fees | — | 0.75 | 0.25 |

BRIL and broker-dealers, pursuant to sub-agreements with BRIL, provide shareholder servicing and distribution services to the Funds. The ongoing service and/or distribution fee compensates BRIL and each broker-dealer for providing shareholder servicing and/or distribution related services to shareholders.

Notes to Financial Statements (unaudited) (continued)

For the six months ended March 31, 2020, the following table shows the class specific service and distribution fees borne directly by each share class of each Fund:

| | <i>Investor A</i> | <i>Investor C</i> | <i>Class R</i> | <i>Total</i> |
|-------------------------|-------------------|-------------------|----------------|--------------|
| 20/80 Target Allocation | \$185,763 | \$409,287 | \$25,701 | \$ 620,751 |
| 40/60 Target Allocation | 229,166 | 440,334 | 36,763 | 706,263 |
| 60/40 Target Allocation | 702,391 | 472,921 | 37,093 | 1,212,405 |
| 80/20 Target Allocation | 225,620 | 261,830 | 19,964 | 507,414 |

Administration: The Trust, on behalf of the Funds, entered into an Administration Agreement with the Manager, an indirect, wholly-owned subsidiary of BlackRock, to provide administrative services. For these services, the Manager receives an administration fee computed daily and payable monthly, based on a percentage of the average daily net assets of each Fund. The administration fee, which is shown as administration in the Statements of Operations, is paid at the annual rates below.

| <i>Average Daily Net Assets</i> | <i>Administration Fee</i> |
|---------------------------------|---------------------------|
| First \$500 Million | 0.0425% |
| \$500 Million - \$1 Billion | 0.0400 |
| \$1 Billion - \$2 Billion | 0.0375 |
| \$2 Billion - \$4 Billion | 0.0350 |
| \$4 Billion - \$13 Billion | 0.0325 |
| Greater than \$13 Billion | 0.0300 |

In addition, the Manager charges each of the share classes an administration fee, which is shown as administration — class specific in the Statements of Operations, at an annual rate of 0.02% of the average daily net assets of each respective class.

For the six months ended March 31, 2020, the following table shows the class specific administration fees borne directly by each share class of each Fund:

| | <i>Institutional</i> | <i>Investor A</i> | <i>Investor C</i> | <i>Class K</i> | <i>Class R</i> | <i>Total</i> |
|-------------------------|----------------------|-------------------|-------------------|----------------|----------------|--------------|
| 20/80 Target Allocation | \$ 4,877 | \$14,829 | \$8,172 | \$3,583 | \$1,026 | \$32,487 |
| 40/60 Target Allocation | 7,756 | 18,304 | 8,795 | 1,396 | 1,468 | 37,719 |
| 60/40 Target Allocation | 16,724 | 56,112 | 9,446 | 2,978 | 1,481 | 86,741 |
| 80/20 Target Allocation | 13,458 | 18,021 | 5,229 | 2,794 | 798 | 40,300 |

Transfer Agent: Pursuant to written agreements, certain financial intermediaries, some of which may be affiliates, provide the Funds with sub-accounting, recordkeeping, sub-transfer agency and other administrative services with respect to servicing of underlying investor accounts. For these services, these entities receive an asset-based fee or an annual fee per shareholder account, which will vary depending on share class and/or net assets. For the six months ended March 31, 2020, the Funds did not pay any amounts to affiliates in return for these services.

The Manager maintains a call center that is responsible for providing certain shareholder services to the Funds. Shareholder services include responding to inquiries and processing purchases and sales based upon instructions from shareholders. For the six months ended March 31, 2020, each Fund reimbursed the Manager the following amounts for costs incurred in running the call center, which are included in transfer agent — class specific in the Statements of Operations:

| | <i>Institutional</i> | <i>Investor A</i> | <i>Investor C</i> | <i>Class K</i> | <i>Class R</i> | <i>Total</i> |
|-------------------------|----------------------|-------------------|-------------------|----------------|----------------|--------------|
| 20/80 Target Allocation | \$ 62 | \$ 1,038 | \$ 615 | \$38 | \$45 | \$ 1,798 |
| 40/60 Target Allocation | 98 | 1,486 | 796 | 22 | 49 | 2,451 |
| 60/40 Target Allocation | 1,042 | 12,231 | 1,655 | 36 | 45 | 15,009 |
| 80/20 Target Allocation | 141 | 2,773 | 1,303 | 26 | 35 | 4,278 |

For the six months ended March 31, 2020, the following table shows the class specific transfer agent fees borne directly by each share class of each Fund:

| | <i>Institutional</i> | <i>Investor A</i> | <i>Investor C</i> | <i>Class K</i> | <i>Class R</i> | <i>Total</i> |
|-------------------------|----------------------|-------------------|-------------------|----------------|----------------|--------------|
| 20/80 Target Allocation | \$ 21,620 | \$ 63,551 | \$30,862 | \$271 | \$ 6,822 | \$123,126 |
| 40/60 Target Allocation | 59,317 | 75,241 | 34,991 | 340 | 10,884 | 180,773 |
| 60/40 Target Allocation | 122,819 | 270,862 | 44,936 | 527 | 13,404 | 452,548 |
| 80/20 Target Allocation | 112,314 | 89,025 | 31,909 | 304 | 6,390 | 239,942 |

Other Fees: For the six months ended March 31, 2020, affiliates earned underwriting discounts, direct commissions and dealer concessions on sales of each Fund's Investor A Shares as follows:

| | |
|-------------------------|----------|
| 20/80 Target Allocation | \$21,207 |
| 40/60 Target Allocation | 19,752 |
| 60/40 Target Allocation | 23,205 |
| 80/20 Target Allocation | 15,498 |

Notes to Financial Statements (unaudited) (continued)

For the six months ended March 31, 2020, affiliates received CDSCs as follows:

| | <i>Investor A</i> | <i>Investor C</i> |
|-------------------------|-------------------|-------------------|
| 20/80 Target Allocation | \$ 30 | \$3,773 |
| 40/60 Target Allocation | — | 1,610 |
| 60/40 Target Allocation | 104 | 3,097 |
| 80/20 Target Allocation | — | 2,973 |

Expense Limitations, Waivers, Reimbursements and Recoups: With respect to each Fund, the Manager contractually agreed to waive and/or reimburse fees or expenses in order to limit expenses, excluding interest expense, dividend expense, tax expense, acquired fund fees and expenses, and certain other fund expenses, which constitute extraordinary expenses not incurred in the ordinary course of each Fund's business ("expense limitation"). Effective March 1, 2020, the Board approved the termination of these contractual expense limitations. The expense limitations as a percentage of average daily net assets were as follows:

| | <i>Institutional</i> | <i>Investor A</i> | <i>Investor C</i> | <i>Class R</i> |
|-------------------------|----------------------|-------------------|-------------------|----------------|
| 20/80 Target Allocation | 1.13% | 1.53% | 2.25% | 1.74% |
| 40/60 Target Allocation | 1.09 | 1.51 | 2.24 | 1.59 |
| 60/40 Target Allocation | 1.07 | 1.45 | 2.17 | 1.62 |
| 80/20 Target Allocation | 1.09 | 1.43 | 2.18 | 1.59 |

In addition, with respect to each Fund, the Manager has contractually agreed to implement additional expense limitations in order to limit expenses, excluding interest expense, dividend expense, tax expense, acquired fund fees and expenses, and certain other fund expenses, which constitute extraordinary expenses not incurred in the ordinary course of each Fund's business ("fixed-term expense limitation"). The fixed-term expense limitations as a percentage of average daily net assets are as follows:

| | <i>Institutional</i> | <i>Investor A</i> | <i>Investor C</i> | <i>Class K</i> | <i>Class R</i> |
|-------------------------|----------------------|-------------------|-------------------|----------------|----------------|
| 20/80 Target Allocation | 0.09% | 0.43% | 1.18% | 0.07% | 0.74% |
| 40/60 Target Allocation | 0.09 | 0.43 | 1.18 | 0.07 | 0.59 |
| 60/40 Target Allocation | 0.09 | 0.43 | 1.18 | 0.07 | 0.62 |
| 80/20 Target Allocation | 0.09 | 0.43 | 1.18 | 0.07 | 0.59 |

The Manager has agreed not to reduce or discontinue these contractual fixed-term expense limitations through January 31, 2021, unless approved by the Board, including a majority of the trustees who are not "interested persons" of the Trust, as defined in the 1940 Act ("Independent Trustees"), or by a vote of a majority of the outstanding voting securities of a Fund. The contractual expense limitations exclude expenses allocated from the Underlying Funds and Master Portfolios in which the Funds invest. For the six months ended March 31, 2020, the amounts included in fees waived and/or reimbursed by the Manager in the Statements of Operations were as follows:

| | |
|-------------------------|----------|
| 20/80 Target Allocation | \$97,306 |
| 40/60 Target Allocation | 90,450 |
| 60/40 Target Allocation | 49,410 |
| 80/20 Target Allocation | 83,941 |

These amounts waived and/or reimbursed are included in administration fees waived — class specific and transfer agent fees waived and/or reimbursed — class specific, respectively, in the Statements of Operations. For the six months ended March 31, 2020, class specific expense waivers and/or reimbursements are as follows:

| <i>Administration Fees Waived</i> | <i>Institutional</i> | <i>Investor A</i> | <i>Investor C</i> | <i>Class K</i> | <i>Class R</i> | <i>Total</i> |
|-----------------------------------|----------------------|-------------------|-------------------|----------------|----------------|--------------|
| 20/80 Target Allocation | \$ 4,876 | \$ 68 | \$ — | \$3,583 | \$ 63 | \$ 8,590 |
| 40/60 Target Allocation | 7,754 | — | 2 | 1,396 | 1,468 | 10,620 |
| 60/40 Target Allocation | 16,724 | 19,932 | 3,176 | 2,978 | 1,481 | 44,291 |
| 80/20 Target Allocation | 13,458 | 8,244 | 5,229 | 2,794 | 798 | 30,523 |

| <i>Transfer Agent Fees Waived and/or Reimbursed</i> | <i>Institutional</i> | <i>Investor C</i> | <i>Class K</i> | <i>Class R</i> | <i>Total</i> |
|---|----------------------|-------------------|----------------|----------------|--------------|
| 20/80 Target Allocation | \$ 16,716 | \$ — | \$271 | \$ 2 | \$ 16,989 |
| 40/60 Target Allocation | 51,533 | — | 340 | 9,505 | 61,378 |
| 60/40 Target Allocation | 106,095 | — | 526 | 9,771 | 116,392 |
| 80/20 Target Allocation | 98,849 | 3,558 | 304 | 5,606 | 108,317 |

With respect to the contractual expense limitations, if during a 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 the Manager, are less than the current expense limitation for that share class, the Manager is entitled to be reimbursed by such share class up to the lesser of: (a) the amount of fees waived and/or expenses reimbursed during those prior two fiscal years under the agreement and (b) an amount not to exceed either the current expense limitation of that share class or the expense limitation of the share class in effect at the time that the share class received the applicable waiver and/or reimbursement, provided that:

Notes to Financial Statements (unaudited) (continued)

(1) each Fund, of which the share class is a part, has more than \$50 million in assets for the fiscal year, and

(2) the Manager or an affiliate continues to serve as a Fund's investment adviser or administrator.

This repayment applies only to the contractual expense limitation on net expenses and does not apply to any voluntary waivers that may be in effect from time to time. Effective December 1, 2019, the repayment arrangement between each Fund and the Manager pursuant to which such Fund may be required to repay amounts waived and/or reimbursed under each Fund's contractual caps on net expenses was terminated.

For the six months ended March 31, 2020, the Manager recouped the following fund level and class specific waivers and/or reimbursements previously recorded by the Funds:

| | <i>Investor A</i> | <i>Investor C</i> | <i>Class R</i> | <i>Total</i> |
|-------------------------|-------------------|-------------------|----------------|--------------|
| 20/80 Target Allocation | \$106 | \$176 | \$79 | \$ 361 |
| 40/60 Target Allocation | 939 | 663 | — | 1,602 |

The following fund level and class specific waivers and/or reimbursements previously recorded by the Funds, which were subject to recoupment by the Manager, expired on December 1, 2019:

| | | |
|-------------------------|--|-----------|
| 20/80 Target Allocation | | |
| Fund Level | | \$406,322 |
| Institutional | | 88,513 |
| Investor A | | 14,012 |
| Class K | | 5,417 |
| Class R | | 3,625 |
| 40/60 Target Allocation | | |
| Fund Level | | 360,169 |
| Institutional | | 206,784 |
| Investor C | | 1,422 |
| Class K | | 3,877 |
| Class R | | 62,342 |
| 60/40 Target Allocation | | |
| Fund Level | | 337,618 |
| Institutional | | 376,464 |
| Investor A | | 88,603 |
| Investor C | | 25,805 |
| Class K | | 9,461 |
| Class R | | 56,559 |
| 80/20 Target Allocation | | |
| Fund Level | | 387,180 |
| Institutional | | 370,036 |
| Investor A | | 26,230 |
| Investor C | | 44,635 |
| Class K | | 7,476 |
| Class R | | 42,453 |

Securities Lending: The U.S. Securities and Exchange Commission ("SEC") has issued an exemptive order which permits BIM, an affiliate of the Manager, to serve as securities lending agent for the Funds, subject to applicable conditions. As securities lending agent, BIM bears all operational costs directly related to securities lending. The Funds are responsible for expenses in connection with the investment of cash collateral received for securities on loan (the "collateral investment expenses"). The cash collateral is invested in a private investment company managed by the Manager or its affiliates. However, BIM has agreed to cap the collateral investment expenses of the private investment company to an annual rate of 0.04%. The investment adviser to the private investment company will not charge any advisory fees with respect to shares purchased by the Funds. The private investment company in which the cash collateral has been invested may, under certain circumstances, impose a liquidity fee of up to 2% of the value withdrawn or temporarily restrict withdrawals for up to 10 business days during a 90 day period, in the event that the private investment company's weekly liquid assets fall below certain thresholds.

Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment expenses. Each Fund retains a portion of securities lending income and remits a remaining portion to BIM as compensation for its services as securities lending agent.

Pursuant to the current securities lending agreement, each Fund retains 82% of securities lending income (which excludes collateral investment expenses), and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

In addition, commencing the business day following the date that the aggregate securities lending income earned across the BlackRock Multi-Asset Complex in a calendar year exceeds a specified threshold, each Fund, pursuant to the securities lending agreement, will retain for the remainder of that calendar year securities lending income in an amount equal to 85% of securities lending income (which excludes collateral investment expenses), and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

Notes to Financial Statements (unaudited) (continued)

The share of securities lending income earned by each Fund is shown as securities lending income — affiliated — net in the Statements of Operations. For the six months ended March 31, 2020, each Fund paid BIM the following amounts for securities lending agent services:

| | |
|-------------------------|---------|
| 20/80 Target Allocation | \$1,901 |
| 40/60 Target Allocation | 1,770 |
| 60/40 Target Allocation | 2,359 |
| 80/20 Target Allocation | 2,044 |

Interfund Lending: In accordance with an exemptive order (the “Order”) from the SEC, each Fund may participate in a joint lending and borrowing facility for temporary purposes (the “Interfund Lending Program”), subject to compliance with the terms and conditions of the Order, and to the extent permitted by each Fund’s investment policies and restrictions. Each Fund is currently permitted to borrow under the Interfund Lending Program.

A lending BlackRock fund may lend in aggregate up to 15% of its net assets, but may not lend more than 5% of its net assets to any one borrowing fund through the Interfund Lending Program. A borrowing BlackRock fund may not borrow through the Interfund Lending Program or from any other source more than 33 1/3% of its total assets (or any lower threshold provided for by the fund’s investment restrictions). If a borrowing BlackRock fund’s total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending fund and the bank loan rate, as calculated according to a formula established by the Board.

During the six months ended March 31, 2020, the Funds did not participate in the Interfund Lending Program.

Trustees and Officers: Certain trustees and/or officers of the Trust are directors and/or officers of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the compensation paid to the Funds’ Chief Compliance Officer, which is included in Trustees and Officer in the Statements of Operations.

Other Transactions: The Funds may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is due solely to having a common investment adviser, common officers, or common trustees. For the six months ended March 31, 2020, the purchase and sale transactions and any net realized gains (losses) with an affiliated fund in compliance with Rule 17a-7 under the 1940 Act were as follows:

| | <i>Purchases</i> | <i>Sales</i> | <i>Net Realized Gain</i> |
|-------------------------|------------------|--------------|------------------------------|
| 20/80 Target Allocation | \$ — | \$6,075,598 | \$70,310 |
| 40/60 Target Allocation | 2,100,866 | — | — |
| 60/40 Target Allocation | 4,205,640 | — | — |
| 80/20 Target Allocation | — | 634,096 | 7,102 |

6. PURCHASES AND SALES

For the six months ended March 31, 2020, purchases and sales of investments in the Underlying Funds and Master Portfolios, excluding short-term securities, were as follows:

| | <i>Purchases</i> | <i>Sales</i> |
|-------------------------|------------------|---------------|
| 20/80 Target Allocation | \$155,992,769 | \$113,983,414 |
| 40/60 Target Allocation | 202,332,665 | 185,713,979 |
| 60/40 Target Allocation | 425,454,466 | 435,006,476 |
| 80/20 Target Allocation | 281,028,334 | 250,369,751 |

7. INCOME TAX INFORMATION

It is each Fund’s policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

Each Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund’s U.S. federal tax returns generally remains open for each of the four years ended September 30, 2019. The statutes of limitations on each Fund’s state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Funds as of March 31, 2020, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Funds’ financial statements.

As of September 30, 2019, 20/80 Target Allocation had non-expiring capital loss carryforward available to offset future realized capital gains of \$206,176.

Notes to Financial Statements (unaudited) (continued)

As of March 31, 2020, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

| | 20/80 Target Allocation | 40/60 Target Allocation | 60/40 Target Allocation | 80/20 Target Allocation |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Tax cost | \$341,126,345 | \$367,625,520 | \$789,970,844 | \$380,531,987 |
| Gross unrealized appreciation | \$ 10,044,780 | \$ 11,848,544 | \$ 13,944,426 | \$ 9,668,486 |
| Gross unrealized depreciation | (8,802,650) | (10,000,684) | (38,263,385) | (27,013,767) |
| Net unrealized appreciation (depreciation) | <u>\$ 1,242,130</u> | <u>\$ 1,847,860</u> | <u>\$ (24,318,959)</u> | <u>\$ (17,345,281)</u> |

8. BANK BORROWINGS

The Trust, on behalf of the Funds, along with certain other funds managed by the Manager and its affiliates ("Participating Funds"), is a party to a 364-day, \$2.25 billion credit agreement with a group of lenders. Under this agreement, the Funds may borrow to fund shareholder redemptions. Excluding commitments designated for certain individual funds, the Participating Funds, including the Funds, can borrow up to an aggregate commitment amount of \$1.75 billion at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit agreement has the following terms: a fee of 0.10% per annum on unused commitment amounts and interest at a rate equal to the higher of (a) one-month LIBOR (but, in any event, not less than 0.00%) on the date the loan is made plus 0.80% per annum or (b) the Fed Funds rate (but, in any event, not less than 0.00%) in effect from time to time plus 0.80% per annum on amounts borrowed. The agreement expires in April 2020 unless extended or renewed. These fees were allocated among such funds based upon portions of the aggregate commitment available to them and relative net assets of Participating Funds. During the six months ended March 31, 2020, the Funds did not borrow under the credit agreement.

9. PRINCIPAL RISKS

In the normal course of business, through their investments in the Underlying Funds and Master Portfolios, certain Funds invest in securities or other instruments and may enter into certain transactions, and such activities subject each Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Funds and their investments. Each Fund's prospectus provides details of the risks to which each Fund is subject.

The Funds may be exposed to additional risks when reinvesting cash collateral in money market funds that do not seek to maintain a stable NAV per share of \$1.00, which may be subject to redemption gates or liquidity fees under certain circumstances.

Valuation Risk: The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. A Fund may invest in illiquid investments. An illiquid investment is any investment that a Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. A Fund may experience difficulty in selling illiquid investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause each Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of a Fund may lose value, regardless of the individual results of the securities and other instruments in which a Fund invests.

An outbreak of respiratory disease caused by a novel coronavirus has developed into a global pandemic and has resulted in closing borders, quarantines, disruptions to supply chains and customer activity, as well as general concern and uncertainty. The impact of this pandemic, and other global health crises that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. This pandemic may result in substantial market volatility and may adversely impact the prices and liquidity of a fund's investments. The impact of the pandemic may be short term or may last for an extended period of time.

Counterparty Credit Risk: The Funds may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Funds manage counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Funds.

Notes to Financial Statements (unaudited) (continued)

10. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for each class were as follows:

| 20/80 Target Allocation | Six Months Ended 03/31/20 | | Year Ended 09/30/19 | |
|--|---------------------------|-----------------------|---------------------|-----------------------|
| | Shares | Amount | Shares | Amount |
| Institutional | | | | |
| Shares sold | 2,567,137 | \$29,286,124 | 1,624,352 | \$ 18,587,138 |
| Shares issued in reinvestment of distributions | 98,977 | 1,167,931 | 169,285 | 1,818,122 |
| Shares redeemed | (735,407) | (8,539,896) | (1,564,946) | (17,728,532) |
| Net increase | <u>1,930,707</u> | <u>\$21,914,159</u> | <u>228,691</u> | <u>\$ 2,676,728</u> |
| Investor A | | | | |
| Shares sold and automatic conversion of shares | 3,082,782 | \$ 35,858,938 | 3,267,358 | \$ 37,010,850 |
| Shares issued in reinvestment of distributions | 268,705 | 3,133,100 | 474,994 | 5,044,441 |
| Shares redeemed | (1,873,238) | (21,565,462) | (2,689,037) | (30,141,485) |
| Net increase | <u>1,478,249</u> | <u>\$ 17,426,576</u> | <u>1,053,315</u> | <u>\$ 11,913,806</u> |
| Investor C | | | | |
| Shares sold | 1,156,901 | \$ 13,399,449 | 747,463 | \$ 8,347,164 |
| Shares issued in reinvestment of distributions | 98,564 | 1,140,390 | 273,213 | 2,882,397 |
| Shares redeemed and automatic conversion of shares | (1,099,869) | (12,512,144) | (2,170,070) | (24,023,996) |
| Net increase (decrease) | <u>155,596</u> | <u>\$ 2,027,695</u> | <u>(1,149,394)</u> | <u>\$(12,794,435)</u> |
| Class K | | | | |
| Shares sold | 788,778 | \$ 9,368,450 | 2,906,934 | \$33,106,505 |
| Shares issued in reinvestment of distributions | 73,907 | 872,098 | 14,140 | 151,858 |
| Shares redeemed | (266,145) | (3,084,498) | (521,676) | (5,991,067) |
| Net increase | <u>596,540</u> | <u>\$ 7,156,050</u> | <u>2,399,398</u> | <u>\$27,267,296</u> |
| Class R | | | | |
| Shares sold | 146,317 | \$ 1,696,701 | 194,550 | \$ 2,180,079 |
| Shares issued in reinvestment of distributions | 16,535 | 192,302 | 52,860 | 559,263 |
| Shares redeemed | (342,479) | (3,982,305) | (515,830) | (5,749,062) |
| Net decrease | <u>(179,627)</u> | <u>\$ (2,093,302)</u> | <u>(268,420)</u> | <u>\$ (3,009,720)</u> |
| Total Net Increase | <u>3,981,465</u> | <u>\$46,431,178</u> | <u>2,263,590</u> | <u>\$26,053,675</u> |

Notes to Financial Statements (unaudited) (continued)

| 40/60 Target Allocation | Six Months Ended 03/31/20 | | Year Ended 09/30/19 | |
|--|---------------------------|-----------------------|---------------------|-----------------------|
| | Shares | Amount | Shares | Amount |
| Institutional | | | | |
| Shares sold | 2,095,982 | \$ 24,055,530 | 2,092,655 | \$ 23,902,492 |
| Shares issued in reinvestment of distributions | 166,805 | 2,016,674 | 419,916 | 4,467,905 |
| Shares redeemed | <u>(888,174)</u> | <u>(10,500,231)</u> | <u>(1,786,838)</u> | <u>(20,597,450)</u> |
| Net increase | <u>1,374,613</u> | <u>\$ 15,571,973</u> | <u>725,733</u> | <u>\$ 7,772,947</u> |
| Investor A | | | | |
| Shares sold and automatic conversion of shares | 2,095,692 | \$ 24,642,955 | 3,300,695 | \$ 37,729,085 |
| Shares issued in reinvestment of distributions | 339,021 | 4,064,861 | 1,020,513 | 10,776,605 |
| Shares redeemed | <u>(2,289,245)</u> | <u>(26,553,909)</u> | <u>(3,244,228)</u> | <u>(36,973,415)</u> |
| Net increase | <u>145,468</u> | <u>\$ 2,153,907</u> | <u>1,076,980</u> | <u>\$ 11,532,275</u> |
| Investor C | | | | |
| Shares sold | 544,734 | \$ 6,415,340 | 877,363 | \$ 9,929,157 |
| Shares issued in reinvestment of distributions | 116,599 | 1,385,201 | 500,913 | 5,244,554 |
| Shares redeemed and automatic conversion of shares | <u>(907,303)</u> | <u>(10,545,244)</u> | <u>(2,434,034)</u> | <u>(27,477,944)</u> |
| Net decrease | <u>(245,970)</u> | <u>\$ (2,744,703)</u> | <u>(1,055,758)</u> | <u>\$(12,304,233)</u> |
| Class K | | | | |
| Shares sold | 841,824 | \$ 9,946,248 | 561,305 | \$ 6,522,750 |
| Shares issued in reinvestment of distributions | 28,123 | 340,289 | 43,580 | 464,123 |
| Shares redeemed | <u>(166,397)</u> | <u>(1,978,770)</u> | <u>(91,670)</u> | <u>(1,060,988)</u> |
| Net increase | <u>703,550</u> | <u>\$ 8,307,767</u> | <u>513,215</u> | <u>\$ 5,925,885</u> |
| Class R | | | | |
| Shares sold | 86,615 | \$ 1,015,833 | 273,196 | \$ 3,088,003 |
| Shares issued in reinvestment of distributions | 26,539 | 317,670 | 112,705 | 1,186,781 |
| Shares redeemed | <u>(507,503)</u> | <u>(6,058,768)</u> | <u>(486,884)</u> | <u>(5,553,938)</u> |
| Net decrease | <u>(394,349)</u> | <u>\$ (4,725,265)</u> | <u>(100,983)</u> | <u>\$(1,279,154)</u> |
| Total Net Increase | <u>1,583,312</u> | <u>\$ 18,563,679</u> | <u>1,159,187</u> | <u>\$ 11,647,720</u> |
| 60/40 Target Allocation | | | | |
| Institutional | | | | |
| Shares issued in reorganization ^(a) | — | \$ — | 3,095,490 | \$ 38,028,857 |
| Shares sold | 2,134,521 | 28,023,581 | 4,807,429 | 60,161,959 |
| Shares issued in reinvestment of distributions | 454,237 | 6,182,164 | 580,251 | 7,053,378 |
| Shares redeemed | <u>(1,809,796)</u> | <u>(23,424,981)</u> | <u>(4,304,467)</u> | <u>(54,676,495)</u> |
| Net increase | <u>778,962</u> | <u>\$ 10,780,764</u> | <u>4,178,703</u> | <u>\$ 50,567,699</u> |
| Investor A | | | | |
| Shares issued in reorganization ^(a) | — | \$ — | 21,853,202 | \$264,188,973 |
| Shares sold and automatic conversion of shares | 2,486,987 | 32,963,361 | 5,035,312 | 63,065,589 |
| Shares issued in reinvestment of distributions | 1,429,210 | 19,137,117 | 1,477,362 | 17,653,637 |
| Shares redeemed | <u>(5,192,650)</u> | <u>(66,170,178)</u> | <u>(6,852,244)</u> | <u>(85,297,017)</u> |
| Net increase (decrease) | <u>(1,276,453)</u> | <u>\$(14,069,700)</u> | <u>21,513,632</u> | <u>\$259,611,182</u> |

^(a) See Note 1 regarding the reorganization.

Notes to Financial Statements (unaudited) (continued)

| 60/40 Target Allocation (continued) | Six Months Ended 03/31/20 | | Year Ended 09/30/19 | |
|--|---------------------------|-----------------------|---------------------|-----------------------|
| | Shares | Amount | Shares | Amount |
| Investor C | | | | |
| Shares sold | 484,350 | \$ 6,237,578 | 1,365,562 | \$ 16,616,187 |
| Shares issued in reinvestment of distributions | 197,295 | 2,588,512 | 445,513 | 5,242,473 |
| Shares redeemed and automatic conversion of shares | (905,401) | (11,508,553) | (2,409,084) | (29,562,945) |
| Net decrease | <u>(223,756)</u> | <u>\$ (2,682,463)</u> | <u>(598,009)</u> | <u>\$ (7,704,285)</u> |
| Class K | | | | |
| Shares sold | 1,371,178 | \$18,000,018 | 345,751 | \$ 4,483,247 |
| Shares issued in reinvestment of distributions | 80,965 | 1,101,930 | 97,670 | 1,189,306 |
| Shares redeemed | (253,960) | (3,411,401) | (198,837) | (2,569,107) |
| Net increase | <u>1,198,183</u> | <u>\$15,690,547</u> | <u>244,584</u> | <u>\$ 3,103,446</u> |
| Class R | | | | |
| Shares sold | 94,297 | \$ 1,199,575 | 247,292 | \$ 3,084,293 |
| Shares issued in reinvestment of distributions | 34,523 | 461,570 | 90,899 | 1,087,645 |
| Shares redeemed | (302,447) | (3,967,580) | (513,770) | (6,437,268) |
| Net decrease | <u>(173,627)</u> | <u>\$ (2,306,435)</u> | <u>(175,579)</u> | <u>\$ (2,265,330)</u> |
| Total Net Increase | <u>303,309</u> | <u>\$ 7,412,713</u> | <u>25,163,331</u> | <u>\$303,312,712</u> |
| 80/20 Target Allocation | | | | |
| Institutional | | | | |
| Shares sold | 2,356,392 | \$ 29,711,166 | 2,931,924 | \$ 36,142,012 |
| Shares issued in reinvestment of distributions | 255,224 | 3,422,573 | 527,609 | 5,814,255 |
| Shares redeemed | (1,366,580) | (16,931,332) | (2,439,851) | (29,788,337) |
| Net increase | <u>1,245,036</u> | <u>\$ 16,202,407</u> | <u>1,019,682</u> | <u>\$ 12,167,930</u> |
| Investor A | | | | |
| Shares sold and automatic conversion of shares | 1,737,604 | \$ 21,949,273 | 2,870,593 | \$ 34,695,910 |
| Shares issued in reinvestment of distributions | 308,072 | 4,051,148 | 756,352 | 8,183,723 |
| Shares redeemed | (1,672,274) | (20,411,456) | (2,433,677) | (29,297,010) |
| Net increase | <u>373,402</u> | <u>\$ 5,588,965</u> | <u>1,193,268</u> | <u>\$ 13,582,623</u> |
| Investor C | | | | |
| Shares sold | 444,602 | \$ 5,464,943 | 787,550 | \$ 9,180,904 |
| Shares issued in reinvestment of distributions | 67,278 | 857,799 | 219,866 | 2,308,595 |
| Shares redeemed and automatic conversion of shares | (543,496) | (6,694,057) | (1,261,472) | (14,744,142) |
| Net decrease | <u>(31,616)</u> | <u>\$ (371,315)</u> | <u>(254,056)</u> | <u>\$ (3,254,643)</u> |
| Class K | | | | |
| Shares sold | 1,468,372 | \$18,510,736 | 425,197 | \$ 5,270,511 |
| Shares issued in reinvestment of distributions | 52,305 | 701,406 | 69,061 | 761,052 |
| Shares redeemed | (136,044) | (1,705,224) | (114,415) | (1,416,119) |
| Net increase | <u>1,384,633</u> | <u>\$17,506,918</u> | <u>379,843</u> | <u>\$ 4,615,444</u> |
| Class R | | | | |
| Shares sold | 85,659 | \$ 1,030,736 | 191,939 | \$ 2,309,528 |
| Shares issued in reinvestment of distributions | 11,627 | 152,195 | 48,858 | 525,225 |
| Shares redeemed | (366,506) | (4,587,917) | (385,988) | (4,616,033) |
| Net decrease | <u>(269,220)</u> | <u>\$ (3,404,986)</u> | <u>(145,191)</u> | <u>\$ (1,781,280)</u> |
| Total Net Increase | <u>2,702,235</u> | <u>\$35,521,989</u> | <u>2,193,546</u> | <u>\$25,330,074</u> |

Notes to Financial Statements (unaudited) (continued)

As of March 31, 2020, shares owned by BlackRock HoldCo 2, Inc., an affiliate of the Funds, were as follows:

| <i>Share Class</i> | <i>20/80 Target Allocation</i> | <i>40/60 Target Allocation</i> |
|--------------------|------------------------------------|------------------------------------|
| Class K | 18,349 | 18,727 |

11. SUBSEQUENT EVENTS

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following item was noted:

Effective April 16, 2020, the credit agreement was extended until April 2021 under the same terms.

Statement Regarding Liquidity Risk Management Program

The Securities and Exchange Commission adopted Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”) to promote effective liquidity risk management throughout the open-end investment company industry, thereby reducing the risk that funds will be unable to meet their redemption obligations and mitigating dilution of the interests of fund shareholders.

The Board of Trustees (the “Board”) of BlackRock Funds II, on behalf of BlackRock 20/80 Target Allocation Fund, BlackRock 40/60 Target Allocation Fund, BlackRock 60/40 Target Allocation Fund and BlackRock 80/20 Target Allocation Fund, met on November 12-13, 2019 (the “Meeting”) to review the liquidity risk management program (the “Program”) applicable to the BlackRock open-end funds, excluding money market funds (each, a “Fund”), pursuant to the Liquidity Rule. The Board has appointed BlackRock Advisors, LLC or BlackRock Fund Advisors (“BlackRock”), each an investment adviser to certain Funds, as the program administrator for each Fund’s Program, as applicable. BlackRock has delegated oversight of the Program to the 40 Act Liquidity Risk Management Committee (the “Committee”). At the Meeting, the Committee, on behalf of BlackRock, provided the Board with a report that addressed the operation of the Program and assessed its adequacy and effectiveness of implementation, including the operation of each Fund’s Highly Liquid Investment Minimum (“HLIM”) where applicable, and any material changes to the Program (the “Report”). The Report covered the period from December 1, 2018 through September 30, 2019 (the “Program Reporting Period”).

The Report described the Program’s liquidity classification methodology for categorizing a Fund’s investments (including derivative transactions) into one of four liquidity buckets. It also described BlackRock’s methodology in establishing a Fund’s HLIM and noted that the Committee reviews and ratifies the HLIM assigned to each Fund no less frequently than annually.

The Report noted that the Program complied with the key factors for consideration under the Liquidity Rule for assessing, managing and periodically reviewing a Fund’s liquidity risk, as follows:

A. The Fund’s investment strategy and liquidity of portfolio investments during both normal and reasonably foreseeable stressed conditions: During the Program Reporting Period, the Committee reviewed whether each Fund’s strategy is appropriate for an open-end fund structure with a focus on Funds with more significant and consistent holdings of less liquid and illiquid assets. The Committee also factored a Fund’s concentration in an issuer into the liquidity classification methodology by taking issuer position sizes into account. Where a Fund participated in borrowings for investment purposes (such as tender option bonds and reverse repurchase agreements), such borrowings were factored into the Program’s calculation of a Fund’s liquidity bucketing. Derivative exposure was also considered in such calculation.

B. Short-term and long-term cash flow projections during both normal and reasonably foreseeable stressed conditions: During the Program Reporting Period, the Committee reviewed historical net redemption activity and used this information as a component to establish each Fund’s reasonably anticipated trading size (“RATS”). Each Fund has adopted an in-kind redemption policy which may be utilized to meet larger redemption requests. The Committee may also take into consideration a Fund’s shareholder ownership concentration (which, depending on product type and distribution channel, may or may not be available), a Fund’s distribution channels, and the degree of certainty associated with a Fund’s short-term and long-term cash flow projections.

C. Holdings of cash and cash equivalents, as well as borrowing arrangements: The Committee considered the terms of the credit facility applicable to the Funds, the financial health of the institution providing the facility and the fact that the credit facility is shared among multiple Funds (including that a portion of the aggregate commitment amount is specifically designated for BlackRock Floating Rate Income Portfolio and BlackRock Credit Strategies Income Fund, each a series of BlackRock Funds V). The Committee also considered other types of borrowing available to the Funds, such as the ability to use reverse repurchase agreements and interfund lending, as applicable.

There were no material changes to the Program during the Program Reporting Period. The Report provided to the Board stated that the Committee concluded that based on the operation of the functions, as described in the Report, the Program is operating as intended and is effective in implementing the requirements of the Liquidity Rule.

Trustee and Officer Information

Mark Stalnecker, Chair of the Board and Trustee
Bruce R. Bond, Trustee
Susan J. Carter, Trustee
Collette Chilton, Trustee
Neil A. Cotty, Trustee
Lena G. Goldberg, Trustee
Henry R. Keizer, Trustee
Cynthia A. Montgomery, Trustee
Donald C. Opatrny, Trustee
Joseph P. Platt, Trustee
Kenneth L. Urish, Trustee
Claire A. Walton, Trustee
Robert Fairbairn, Trustee
John M. Perlowski, Trustee, President and Chief Executive Officer
Jennifer McGovern, Vice President
Neal J. Andrews, Chief Financial Officer
Jay M. Fife, Treasurer
Charles Park, Chief Compliance Officer
Lisa Belle, Anti-Money Laundering Compliance Officer
Janey Ahn, Secretary

Effective December 31, 2019, Robert M. Hernandez retired as Trustee of the Trust.

Investment Adviser and Administrator

BlackRock Advisors, LLC
Wilmington, DE 19809

Accounting Agent and Transfer Agent

BNY Mellon Investment Servicing (US) Inc.
Wilmington, DE 19809

Custodian

The Bank of New York Mellon
New York, NY 10286

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Boston, MA 02116

Distributor

BlackRock Investments, LLC
New York, NY 10022

Legal Counsel

Sidley Austin LLP
New York, NY 10019

Address of the Trust

100 Bellevue Parkway
Wilmington, DE 19809

Additional Information

General Information

Householding

The Funds will mail only one copy of shareholder documents, including prospectuses, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called “householding” and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded 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 call the Funds at (800) 441-7762.

Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT, and for reporting periods ended prior to March 31, 2019, filed such information on Form N-Q. The Funds' Forms N-PORT and N-Q are available on the SEC's website at sec.gov. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 441-7762; (2) at blackrock.com; and (3) on the SEC's website at sec.gov.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at blackrock.com; or by calling (800) 441-7762 and (2) on the SEC's website at sec.gov.

BlackRock's Mutual Fund Family

BlackRock offers a diverse lineup of open-end mutual funds crossing all investment styles and managed by experts in equity, fixed-income and tax-exempt investing. Visit blackrock.com for more information.

Shareholder Privileges

Account Information

Call us at (800) 441-7762 from 8:00 AM to 6:00 PM ET on any business day to get information about your account balances, recent transactions and share prices. You can also visit blackrock.com for more information.

Automatic Investment Plans

Investor class shareholders who want to invest regularly can arrange to have \$50 or more automatically deducted from their checking or savings account and invested in any of the BlackRock funds.

Systematic Withdrawal Plans

Investor class shareholders can establish a systematic withdrawal plan and receive periodic payments of \$50 or more from their BlackRock funds, as long as their account balance is at least \$10,000.

Retirement Plans

Shareholders may make investments in conjunction with Traditional, Rollover, Roth, Coverdell, Simple IRAs, SEP IRAs and 403(b) Plans.

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This report is intended for current holders. It is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Funds unless preceded or accompanied by the Funds' current prospectus. Past performance results shown in this report should not be considered a representation of future performance. Investment returns and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Statements and other information herein are as dated and are subject to change.

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