

Target Allocation Funds

Commentary as of 09/30/24

- The funds underperformed their benchmarks during the quarter. Increased market fragility and rumbling rotations within U.S. stocks emerged, which caused overweight positions in many year-to-date winners within the mega-cap, technology, and growth cohort to take a breather and weigh on relative returns.
- The funds reduced their equity overweight position from 4% to 1% in early September, as we sought to tactically pre-empt potential seasonal and election-related volatility. However, we retained the option to increase risk after the vote.

Contributors	Detractors
Many of the dominant active themes expressed across the funds still delivered positive absolute returns, namely U.S. large-cap, technology, and quality-oriented stocks. Meanwhile, smaller positions in both U.S. and international value-oriented equities also shined, after lagging for most of the year.	An exposure to momentum-oriented stocks was the only notable detractor from absolute performance.

Further insight

The elevated uncertainty surrounding the upcoming U.S. election adds complexity that is hard to handicap. Given the sharp divide in the two main parties' expected policies and their "coin-toss" odds of victory, many real economy actors are delaying major capital allocations and business-defining investments until after election night. In this unusual state of paralysis, any lack of liquidity can breed significant market fluctuations, to say nothing of the potential for delays or prolonged uncertainty about the outcome. Our medium-term outlook remains cautiously optimistic, with a view that recession odds remain low. Accordingly, we have maintained our preference for stocks over bonds and many of our long-favorited tilts, albeit with a reduction in magnitude.

20/80 Target Allocation Fund

Inst: **BICPX** • A: **BACPX**
C: **BCCPX** K: **BKCPX**

40/60 Target Allocation Fund

Inst: **BIMPX** • A: **BAMPX**
C: **BCMPX** K: **BKMPX**

60/40 Target Allocation Fund

Inst: **BIGPX** • A: **BAGPX**
C: **BCGPX** K: **BKGPX**

80/20 Target Allocation Fund

Inst: **BIAPX** • A: **BAAPX**
C: **BCAPX** K: **BKAPX**

Portfolio management

Michael Gates, Lisa O'Connor

Investment approach

BlackRock Target Allocation Funds offer investors a way to help balance their investing outcome through diversification across active and index, stocks and bonds using a suite of underlying mutual funds and ETFs.

Average annual total returns (%) as of 9/30/2024	3Q24 (not annualized)	YTD (not annualized)	1 Year	3 Years	5 Years	10 Years
20/80 Target Allocation Fund						
Institutional	5.13	8.15	16.37	0.77	3.46	3.97
Investor A (Without/With Sales Charge)	5.03 / -0.48	7.90 / 2.23	16.06 / 9.97	0.44 / -1.35	3.13 / 2.03	3.62 / 3.07
Blended Benchmark¹	5.43	7.75	16.06	0.97	3.34	3.93
40/60 Target Allocation Fund						
Institutional	5.01	10.55	19.88	2.90	6.33	5.87
Investor A (Without/With Sales Charge)	4.91 / -0.60	10.24 / 4.45	19.47 / 13.20	2.57 / 0.74	5.98 / 4.84	5.51 / 4.95
Blended Benchmark²	5.67	10.62	20.14	2.97	5.91	5.64
60/40 Target Allocation Fund						
Institutional	4.87	13.11	23.81	4.79	8.73	7.37
Investor A (Without/With Sales Charge)	4.79 / -0.72	12.89 / 6.97	23.41 / 16.93	4.44 / 2.58	8.36 / 7.20	7.00 / 6.43
Blended Benchmark³	5.91	13.53	24.31	4.95	8.42	7.29
80/20 Target Allocation Fund						
Institutional	4.84	15.84	27.65	6.84	11.20	8.86
Investor A (Without/With Sales Charge)	4.78 / -0.72	15.57 / 9.51	27.34 / 20.66	6.48 / 4.58	10.84 / 9.65	8.49 / 7.91
Blended Benchmark⁴	6.14	16.48	28.57	6.91	10.83	8.88

Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Expenses, as stated as of each fund's most recent prospectus, for 20/80 Fund Inst/Inv A: Total, **0.44%/0.66%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses), **0.26%/0.60%**; for 40/60 Fund Inst/Inv A: Total, **0.44%/0.65%**; Net, Including Investment Related Expenses, **0.27%/0.61%**; for 60/40 Fund Inst/Inv A: Total, **0.42%/0.67%**; Net, Including Investment Related Expenses, **0.29%/0.63%**; for 80/20 Fund Inst/Inv A: Total, **0.47%/0.72%**; Net, Including Investment Related Expenses, **0.31%/0.65%**. All share classes of each fund have contractual waivers with an end date of 1/31/19 terminable upon 90 days' notice. Each fund's annual total returns prior to 6/3/15 reflect a different investment strategy. Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. All returns assume reinvestment of dividends and capital gain distributions. Refer to blackrock.com for most recent month-end performance. Share classes have different sales charges, fees and other features. Returns with sales charge reflect deduction of current maximum initial sales charge of 5.25% for Investor A shares. A contingent deferred sales charge ("CDSC") of 1.00% is assessed on certain redemptions of Investor A Shares made within 18 months after purchase where no initial sales charge was paid as part of an investment of \$1,000,000 or more. Institutional shares have no front- or back-end load, have limited availability and may be purchased at various minimums. See prospectus for details. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Net, excluding investment related expenses for Inst /Inv A shares of 20/80 Fund, 40/60 Fund, 60/40 Fund and 80/20 Fund: 0.09%/0.43%.

Important Risks: The fund is actively managed and its characteristics will vary. Fund of funds are subject to the risks associated with the underlying BlackRock funds in which it invests. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. International investing involves special risks including, but not limited to currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. Investments in emerging markets may be considered speculative and are more likely to experience hyperinflation and currency devaluations, which adversely affect returns. In addition, many emerging securities markets have lower trading volumes and less liquidity. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Asset allocation strategies do not assure profit and do not protect against loss. Non-diversification of investments means that more assets are potentially invested in fewer securities than if investments were diversified, so risk is increased because each investment has a greater effect on performance. The fund may use derivatives to hedge its investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility.

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1 Blended benchmark of the 20/80 Fund is 14% MSCI ACWI/6% MSCI U.S./80% Bloomberg U.S. Universal Bond. **2** Blended benchmark of the 40/60 Fund is 28% MSCI ACWI/12% MSCI U.S./60% Bloomberg U.S. Universal Bond. **3** Blended benchmark of the 60/40 Fund is 42% MSCI ACWI/18% MSCI U.S./40% Bloomberg U.S. Universal Bond. **4** Blended benchmark of 80/20 Fund is 56% MSCI ACWI/24% MSCI U.S./20% Bloomberg U.S. Universal Bond. MSCI All Country World Index (ACWI) Index represents large and mid cap international developed and emerging market stocks. MSCI U.S. Index represents large and mid cap segments of the U.S. equity market. Bloomberg U.S. Universal Bond Index represents U.S. dollar-denominated securities.

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