

Global Allocation Fund

Inst: **MALOX** A: **MDLOX** C: **MCLOX** R: **MRLOX**¹ K: **MKLOX**

Commentary as of 06/30/24

- The fund posted returns of 0.88% (Institutional shares) and 0.83% (Investor A shares, without sales charge) for the second quarter of 2024, while its reference benchmark⁴ returned 1.21%.
- During the quarter, the fund was overweight equities (7%) and underweight fixed income (-13%), with exposure to cash equivalents (5%). In equities, the information technology (IT), consumer discretionary, health care, and energy sectors were overweight, and the consumer staples, real estate, and materials sectors were underweight. The fund had overweight positions in the United States and Japan, was more neutral in Europe, and had an underweight holding in Australia.
- In fixed income, the fund had an underweight developed market government bond position, and overweight allocations to corporate credit, securitized debt, and bank loans. Total portfolio duration (interest rate sensitivity) was 2.0 years versus the benchmark's 2.3 years (total portfolio duration assumes equity duration of 0). From a currency perspective, the fund was overweight the U.S. dollar and underweight the Chinese yuan.

Contributors	Detractors
Broad asset allocation via an overweight exposure to equities and underweight allocation to fixed income contributed. In equities, security selection and an underweight holding in consumer staples was additive. Security selection in health care aided returns. In fixed income, allocations to credit, notably high yield bonds, and bank loans were beneficial.	In equities, security selection and an overweight position in the consumer discretionary sector detracted. Security selection in IT, partially offset by an overweight exposure to the sector, and security selection in the communication services, industrials, and financials sectors hurt returns. In fixed income, an exposure to rate derivatives, notably positioning along the U.S. yield curve, and an overweight European duration exposure detracted.

Further insight

Our base case remains that 2024 real U.S. GDP will be in the low single digits. We expect inflation to continue to decelerate, although its path is likely to be choppy, which implies a nominal 2024 GDP of the mid-single digits. We believe the recent moderation in key economic releases, notably in U.S. jobs and inflation, will provide a window for the Federal Reserve to cut interest rates 1-2 times in 2024. That said, the magnitude of the easing cycle will be dependent on several factors, including inflation, labor, geopolitics, and earnings growth. We believe that favorable nominal U.S. GDP growth will allow equities to advance in the second half of 2024. Current top-down consensus estimates for earnings-per-share growth in the S&P 500 Index are in the low double digits for both 2024 and 2025. In addition, a reduced supply of stocks from corporate buybacks and a limited initial public offering calendar could serve as an additional tailwind for equities through to year-end. We continue to remain constructive on equities as the preferred asset class for growth, favoring quality large-cap stocks given the decelerating growth environment. This is balanced with a diversified selection of spread assets to provide additional yield and augment equity exposure.

★★★★ Morningstar Overall™

Institutional shares rated against 338 Global Allocation Funds, as of 6/30/24, based on risk-adjusted total return. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.¹¹

Portfolio management

Rick Rieder
Russ Koesterich, CFA, JD

Top 10 equity holdings (%)

Microsoft	3.52
Nvidia Corp	2.44
Amazon	2.20
Nikkei 225 (ose) Sep 24	1.79
Alphabet	1.78
Apple	1.68
ASML Holding	1.02
Mastercard	0.85
UnitedHealth Group	0.81
Eli Lilly	0.74

Investment approach

A diversified portfolio that invests across asset classes, regions, currencies and sectors, seeking to provide a rate of return competitive with that of global stocks at a lower level of volatility over a full market cycle.

The discussion of relative performance and positioning is compared against the fund's reference benchmark. % of net assets represents the fund's exposure based on the economic value of securities and is adjusted for futures, options and swaps (except with respect to fixed income securities), and convertible bonds.

Average annual total returns (%) as of 6/30/24

	2Q24 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional	0.88	6.24	11.91	0.27	6.71	5.06
Investor A (Without Sales Charge)	0.83	6.13	11.63	0.01	6.44	4.78
Investor A (With Sales Charge)	-4.46	0.56	5.77	-1.77	5.30	4.21
Morningstar Global Allocation Category Avg.	0.55	4.99	10.38	1.39	5.01	3.95
FTSE World²	2.75	11.56	20.38	6.89	11.97	9.37
FTSE World Govt. Bond³	-1.58	-3.96	-0.63	-6.92	-3.20	-1.20
Reference Benchmark⁴	1.21	5.53	11.89	2.19	6.40	5.77

Expenses for Institutional shares: Total **0.88%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.84%**. For Investor A shares: Total **1.13%**; Net, Including Investment Related Expenses **1.09%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2025 terminable upon 90 days' notice. For certain share classes, BlackRock may voluntarily agree to waive certain fees and expenses in which the adviser may discontinue at any time without notice. Expenses stated as of the fund's most recent prospectus. Data represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All returns assume reinvestment of dividends and capital gains. Current performance may be lower or higher than that shown. Refer to [blackrock.com](https://www.blackrock.com) for most recent month-end performance. Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Share classes have different sales charges, fees and other features. Returns with sales charge reflect deduction of current maximum initial sales charge of 5.25% for Investor A shares. Institutional shares have no front- or back-end load. Institutional shares have limited availability and may be purchased at various minimums. See prospectus for details. Net Expenses Excluding Investment Related Expenses for Institutional shares: **0.83%**; for Investor A shares: **1.08%**.

Important Risks: The fund is actively managed and its characteristics will vary. Holdings shown should not be deemed as a recommendation to buy or sell securities. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. International investing involves special risks including, but not limited to political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. 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. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. Asset allocation strategies do not assure profit and do not protect against loss. Short-selling entails special risks. If the fund makes short sales in securities that increase in value, the fund will lose value. Any loss on short positions may or may not be offset by investing short-sale proceeds in other investments. 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.

The opinions expressed are those of the fund's portfolio management team as of June 30, 2024, and may change as subsequent conditions vary. Information and opinions are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy.

BlackRock provides compensation in connection with obtaining or using third-party ratings and rankings.

1 Class R shares are sold to a limited group of investors, including certain retirement plans. See prospectus for details. **2** The FTSE World Index is comprised of world equities, including the United States. **3** The FTSE World Government Bond Index includes the most significant and liquid government bond markets globally with at least an investment-grade rating. Currently, this includes all countries in the FTSE EMU Governments Index (EGBI) and Australia, Canada, Denmark, Japan, Sweden, Switzerland, United Kingdom and the United States. Index weights are based on the market capitalization of qualifying outstanding debt stocks. **4** The Reference Benchmark is 36% S&P 500 Index, 24% FTSE World (ex. US), 24% ICE BofA ML 5-year U.S. Treasury Bond Index and 16% FTSE Non-U.S. Dollar World Govt. Bond Index. The S&P 500 Index comprises large-capitalization U.S. equities. The FTSE World Index (ex. US) comprises world equities excluding the United States. The ICE BofA ML 5-year U.S. Treasury Bond Index tracks the five-year U.S. Treasury bond. The FTSE Non-U.S. Dollar World Govt. Bond Index tracks government bond indices, excluding the United States. [†]The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The fund was rated against the following numbers of U.S.-domiciled Global Allocation funds over the following time periods: 338 in the last 3 years, 320 in the last 5 years and 240 in the last 10 years. With respect to these Global Allocation funds, the fund received a Morningstar Rating of 3, 4 and 4 stars for the 3-, 5- and 10-year periods, respectively. Other classes may have different performance characteristics.

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus and, if available, the summary prospectus contain this and other information about the fund and are available, along with information on other BlackRock funds, by calling 800-882-0052 or from your financial professional. The prospectus should be read carefully before investing.

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