

Multi-Asset Income Fund

Inst: **BIICX** A: **BAICX** C: **BCICX** K: **BKMIX**

Commentary as of 06/30/24

- The fund posted returns of 0.79% (Institutional shares) and 0.72% (Investor A shares, without sales charge) for the second quarter of 2024, while its benchmark, a blend of 50% MSCI World Index and 50% U.S. Aggregate Bond Index, returned 1.35%.
- At quarter-end, the fund's 30-day SEC yield was 6.15% subsidized and 6.03% unsubsidized for institutional shares, and 5.58% subsidized and 5.49% unsubsidized for investor A shares. The fund strives to maintain a consistent yield and attractive total return with volatility similar to or less than its risk benchmark. Performance is reviewed on an absolute basis due to the nature of the fund.
- In May, we tactically reduced equity exposure, as various markets returned to year-to-date highs, and U.S. preferred stock exposure, in favor of cash and European high yield credit, where spreads were relatively wider. In June, we reduced the allocations to U.S. high yield credit and cash in favor of dividend growth equities and defensive fixed income.

Contributors

Floating rate exposures, including collateralized loan obligations and individual bank loans, were the largest contributors to performance, driven by coupon income. Similarly, despite already tight spreads, other lower-quality bond positions, including commercial and non-agency residential mortgages, high yield bonds, and preferred stock, also delivered positive results from income returns. The cash position was additive amid higher front-end rates. Emerging market and international developed market equities boosted returns, while currency hedging was generally positive.

Detractors

Futures used to manage duration (interest rate sensitivity) and provide support to the fund's higher equity allocation detracted as the five- and 10-year points of the U.S. Treasury curve moved meaningfully higher at the beginning of the quarter. This ultimately led to a negative price return. Similarly, more rate-sensitive real estate investment trusts weighed modestly on performance. In addition, although the S&P 500 and Nasdaq indices reached all-time highs, breadth was narrow and U.S. dividend-oriented names in the fund lagged.

Portfolio management

Justin Christofel, Alex Shingler

Top 10 equity holdings (%)

iShares Core Dividend Growth ETF	4.21
Microsoft Corp - Eln	0.80
Taiwan Semiconductor Manufacturing	0.72
Amazon Com Inc - Eln	0.53
Apple Inc - Eln	0.51
Alphabet Inc Class A - Eln	0.41
Meta Platforms Inc Class A - Eln	0.35
Microsoft	0.33
Nvidia Corp - Eln	0.28
Novo Nordisk Class B	0.25
*equity-linked note	

Investment approach

A core income portfolio that pursues attractive income from equities, fixed income and non-traditional sources while managing volatility.

Further insight

We expect U.S. growth to remain strong in 2024, although it is likely to decelerate from the highs reached in the second half of 2023. We acknowledge the progress made on inflation but caution against any early celebrations. The fund's equity exposure remains at the higher end of the historical range, due to strong earnings growth and more inexpensive valuations for dividend growth expressions, especially in the United States. We remain very light on long duration assets on poor valuations coupled with a concerning fiscal outlook. We prefer to look for better "carry" opportunities across spread assets in floating rate, European credit, and parts of the investment grade corporate market. We remain very selective and continue to reduce exposure where we see complacency and unattractive risk/reward profiles.

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

	2Q24 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional	0.79	3.41	9.72	1.06	3.77	3.81
Investor A (Without Sales Charge)	0.72	3.29	9.45	0.83	3.51	3.55
Investor A (With Sales Charge)	-4.57	-2.14	3.70	-0.96	2.40	3.00
Morningstar Moderately Conservative Allocation Category Avg.	0.75	4.05	9.14	0.70	4.25	4.06
Blended Benchmark¹	1.35	5.40	11.19	2.01	5.92	5.44

Expenses for Institutional shares: Total **0.68%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.57%**. For Investor A shares: Total **0.91%**; Net, Including Investment Related Expenses **0.82%**. 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 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: **0.55%**; for Investor A shares: **0.80%**.

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¹ Blended benchmark is 50% MSCI World Index/50% U.S. Aggregate Bond. MSCI World is designed to measure the equity market performance of developed markets, including the United States. U.S. Aggregate Bond Index comprises the total U.S. investment grade bond market.

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