

# Global Allocation Fund

BlackRock®

INST: MALOX • A: MDLOX • C: MCLOX • K: MKLOX

★★★★ Morningstar Overall Rating™ (Inst)



Analyst-Driven %<sup>7</sup>

100

Data-Coverage %<sup>7</sup>

100

**Performance:** The fund underperformed its benchmark as markets sold off on fears on whether sticky U.S. services inflation would allow the Federal Reserve to cut rates in '24.

▲ **Contributors:** Exposure to cash. Selection in healthcare and industrials. Overweight and selection in energy.

▼ **Detractors:** Overweight and selection in technology and consumer discretionary. Rates positioning, notably an overweight to intermediate U.S. and European rates.

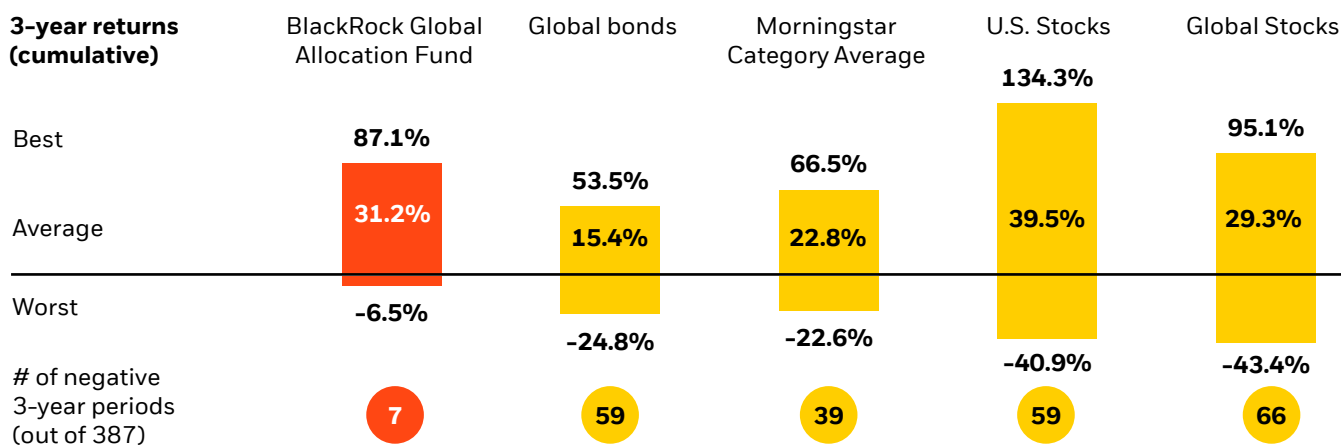
**Positioning:** Overweight equities, with an emphasis on stable growth, balanced with quality cyclicals. Modest duration underweight, overweight credit and securitized. Cash, derivatives, and currency exposure as risk mitigants.

▲ **Increased:** Within equities, utilities, materials, and energy. Investment grade credit.

▼ **Decreased:** Within equities, information technology, financials, and industrials. Emerging market sovereigns.

## A history of competitive performance and limited downside

By maintaining a long-term objective of capital appreciation, with a mindful eye on downside volatility, the Fund has aimed to provide a smoother investment experience by generating competitive returns with fewer and shallower drawdowns compared to equities. **A risk aware mandate can make a big difference to the overall client experience.**



Source: Bloomberg, Morningstar. Data reflects a time series of rolling 3-year cumulative returns based on calendar month-ends. Date range represents the life of the fund (Institutional share class inception (2/28/89) through the recent quarter-end) and is applied across all categories. The best 3-year return represents the highest 3-year return within the time series for each category. The average 3-year return represents the average 3-year return over the time series for each category. The worst 3-year return represents the lowest 3-year return with the time series for each category. The number of negative of periods represents the total number of periods where the 3-year return was <0.00% for each category. Asset classes represented by FTSE World Gov't Bond Index, S&P 500 Index, FTSE World Index. Morningstar category by the Global Allocation Funds average. All data as of 04/30/24. **Fund data based on Institutional shares, which may not be available to all investors; other share classes will vary.** Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index.

Performance data quoted 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. For current month-end returns visit [www.blackrock.com](http://www.blackrock.com).

Morningstar has awarded the fund's Institutional share class a Gold medal. (Last rating 05/01/23.)<sup>1</sup>

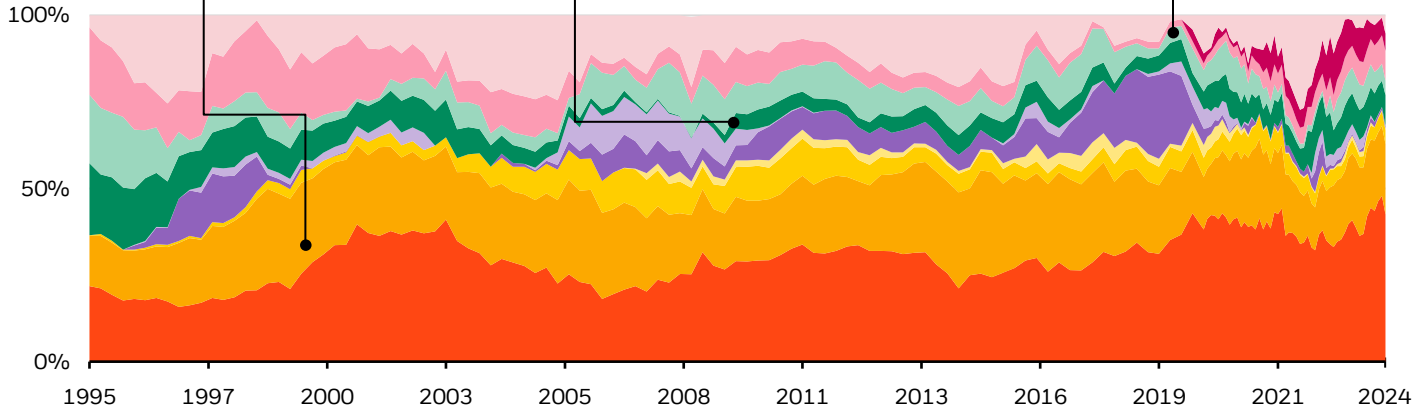
The overall Morningstar rating of 4 stars pertains to the fund's Institutional shares, rated against 351 funds in the Global Allocation category as of 04/30/24. Ratings are based on a risk-adjusted total return and a weighted average of performance figures associated with 3-, 5- and 10-year Morningstar rating metrics. Ratings are determined monthly and subject to change.<sup>2</sup> **BlackRock provides compensation in connection with obtaining or using third-party ratings and rankings.**

# Flexibility in practice: adapting as markets change

**Post-tech bubble:** Increased U.S. equity exposure due to attractive valuations and a recovering global economy.

**Credit crisis:** Added to convertible bonds during the global credit crisis as limited liquidity across the asset class due to distressed selling led to attractive prices.

**Rick Rieder assumed leadership (April 2019):** Decreased exposure to cash following policy pivot among global central banks, and added to U.S. equities, Treasuries and investment grade credit.

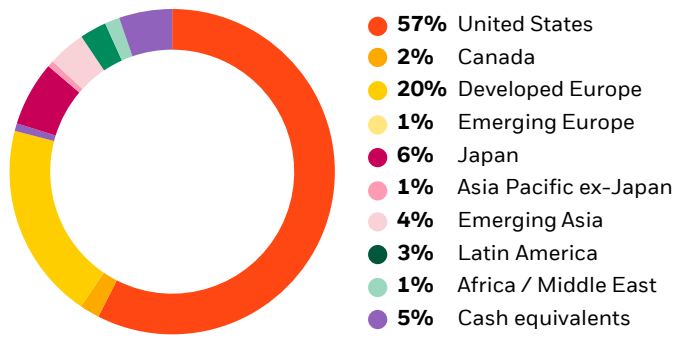


	As of 04/30	Over/under	Historical range		As of 04/30	Over/under	Historical range
U.S. equities	42.5%	▲	15 - 48%	U.S. credit	8.9%	▲	0 - 25%
Developed equities ex-U.S.	20.3%	▼	10 - 35%	Non-U.S. sovereign debt	4.2%	▼	0 - 25%
Emerging market equities	4.1%	▲	0 - 15%	Non-U.S. credit	8.6%	▲	0 - 25%
Commodity-related	0.2%	▲	0 - 5%	Securitized debt	5.0%	▲	0 - 11%
Treasuries, agencies & munis	0.8%	▼	0 - 25%	Cash equivalents	5.3%	▲	0 - 30%
U.S. TIPS	0.1%	▲	0 - 15%				

Prior to 2015, the fund's exposure was based on market value and adjusted for the economic value of futures and swaps. From 2015, the fund's exposure is 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. Commodity-related is comprised of precious metals ETFs. Prior to 2006, commodity-related exposure was included in equities. Prior to October 2019, exposure to securitized debt was included within fixed income. Historical ranges represent actual exposures, not minimum or maximum prospectus limits. Subject to change. Over/under indications are relative to the fund's reference benchmark, which is 36% S&P 500 Index, 24% FTSE World (ex-U.S.) Index, 24% ICE BofAML Current 5-Year U.S. Treasury Index and 16% FTSE Non-U.S. Dollar World Government Bond Index.

## Geographic allocation

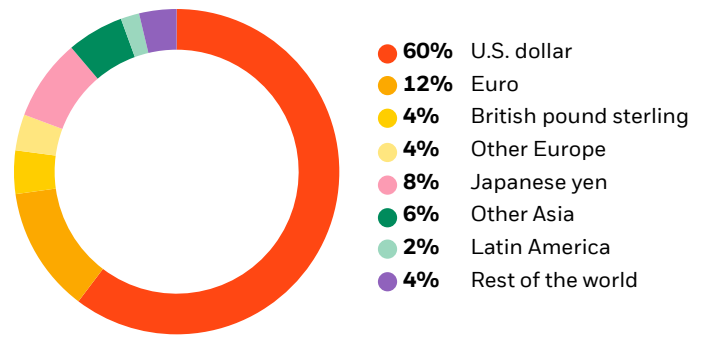
% of Net assets



Largest change this month:  
Cash ▲ from 1% to 5% of assets.

## Currency allocation

% of Net assets

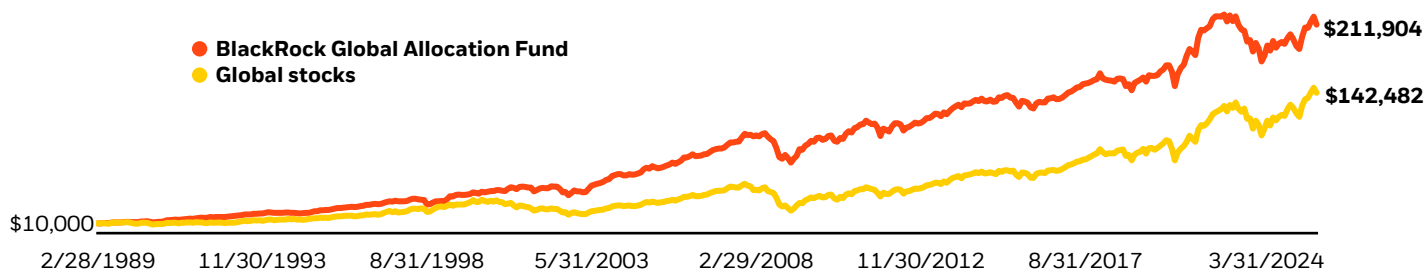


Largest change this month:  
EUR — from 12% to 12% of assets.

All data as of 04/30/24.

## Designed to seek a better outcome

The Fund's mission is to provide a core holding, suitable for a broad range of clients and deliver a competitive rate of return with less volatility than a global stock portfolio over a full market cycle. Since its inception in 1989, **the fund has outperformed global stocks with one-third less volatility.\***



Source: BlackRock, Bloomberg. Based on a hypothetical investment of \$10,000 in the fund and FTSE World Index made first month post inception (2/3/89). \* Volatility is represented by annualized standard deviation. Standard deviation for the fund: 10.01% and global stocks: 15.41%.

## Our view on the market and portfolio positioning

Despite a weaker April, U.S. stocks remain positive YTD, driven by strong earnings that are supported by a solid economy. That said, particularly in the near-term sentiment matters. Investors are understandably nervous given rising rates, a change in the Federal Reserve narrative and elevated geopolitical risk. While not rising to the same level of importance, investors may also be worried about the calendar. While seasonal impact on stocks can be exaggerated, in the past returns have often followed seasonal patterns. Since 1960, the May through September period tends to be the weakest in the calendar year, bringing on the maxim, 'Sell in May and Go Away'. There are other forces that can shift the impact and timing of seasonal trends. As we move later into spring, two other factors are worth watching: momentum and the election.

Seasonal weakness tends to be more muted in months when the market has risen strongly in the preceding 12 months. Since 1960 average monthly returns are approximately twice as high in the spring and summer months when 12-month momentum is 10% or more. As of mid-April, S&P 500 12-month returns were still north of 20%, suggesting good momentum going into the late spring and summer.

The other potential mitigating factor may be the election cycle, which has its own internal logic. With the caveat that results should be treated cautiously given fewer observations, in past election cycles summer weakness often shifts to the fall. Said otherwise, historical election years have witnessed solid returns in June, July, and August before returns turned negative in September and October. Intuitively, this makes some sense. Most investors start to pay more attention to the implications of potential outcomes once the party conventions begin and the fall campaign starts. To that end, positive market momentum and a strong economy may keep U.S. stocks in positive territory, or at least until the full significance of the election starts to become apparent in the fall.

Within the Global Allocation Fund, we remain overweight equities and underweight duration. Within equities, we

favor stable growth companies that can generate earnings consistency and are aligned with long-term structural trends such as the proliferation of AI, advancements across healthcare and a robust consumer with a propensity to spend on services. This exposure is balanced with quality cyclical companies across energy, capital goods, and U.S. money centers. We remain underweight duration, with aggregate positioning relatively stable over the month. Within U.S. rates, we prefer the intermediate part of the yield curve and remain cautious on long-dated U.S. government bonds due primarily to the level of Treasury issuance needed to fund the structurally high U.S. budget deficit. The bulk of our fixed income exposure remains in a diversified basket of high-quality corporate credit, securitized assets, and emerging market sovereigns given attractive level of yields. In-line with the fund's risk aware mandate, we hold exposure to an array of portfolio hedges including income, derivatives, cash and FX positioning.



**Russ Koesterich** shares the team's outlook on the markets.

### One of the world's most well-resourced investment teams

**Rick Rieder**, Portfolio Manager, 37 years of experience

**Russ Koesterich**, CFA, JD, Portfolio Manager, 29 years of experience

**David Clayton**, CFA, JD, Portfolio Manager, 30 years of experience

**Kate Moore**, Head of Thematic Strategy, 25 years of experience

### Backed by a roster of experienced and dedicated analysts

**Average annual total returns (%) as of 04/30/24**

	1 Month (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Year	10 Year	Since inception <sup>3</sup>
Institutional	-3.71	1.41	9.10	-0.86	6.00	4.86	9.03
Investor A (Without Sales Charge) <sup>4</sup>	-3.74	1.32	8.80	-1.13	5.71	4.58	8.75
Investor A (With Sales Charge) <sup>4</sup>	-8.80	-4.01	3.09	-2.89	4.58	4.02	8.58
FTSE World Index <sup>5</sup>	-3.59	4.67	18.62	5.66	10.67	9.10	-
Morningstar Global Allocation Avg.	-2.67	1.60	7.58	0.91	4.43	3.92	-
Reference Benchmark <sup>6</sup>	-2.99	1.16	9.26	1.29	5.88	5.61	-

**Annualized total returns as of 3/31/24 for Institutional shares: 1 Yr, 1.76%; 5 Yr, 0.81%; 10 Yr, 1.96%; for Investor A shares without/with maximum sales charge: 1 Yr, 1.46%/-2.59%; 5 Yr, 0.49%/-0.33%; 10 Yr, 1.64%/1.22%.**

**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. Share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum initial sales charge of 5.25% for Investor A shares. Institutional shares have no front- or back-end load, limited availability and may be purchased at various minimums. See prospectus for details.** Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Expenses, as stated in the fund's most recent prospectus, for Institutional/Investor A shares: Total, **0.88%/1.13%**; Net, Including Investment-Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses): **0.84%/1.09%**. Institutional and Investor A have contractual waivers with an end date of 6/30/25, terminable upon 90 days' notice. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Net Expenses, Excluding Investment Related Expenses for Institutional/Investor A shares: 0.83%/1.08%.

**Important risks:** The fund is actively managed and its characteristics will vary. 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. 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 April 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.

**1 Morningstar Medallist Rating™** is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medallist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medallist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to [global.morningstar.com/managerdisclosures/](http://global.morningstar.com/managerdisclosures/). The Morningstar Medallist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medallist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medallist Rating can mean that the rating is subsequently no longer accurate. **2 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. With respect to U.S.-domiciled funds in the Global Allocation category, the fund received a Morningstar Rating of 2 stars for the 3-year period, rated against 351 funds; 4 stars for the 5-year period, rated against 333 funds; and 4 stars for the 10-year period, rated against 241 funds. Ratings are for Institutional share class. Other classes may have different performance characteristics. **3 Fund Inception:** 2/3/89. **4 The performance information** for periods prior to the inception date of the Investor A share class (10/21/94) is based on the fund's Institutional shares, adjusted to reflect the fees and expenses applicable to the Investor A share class. See the fund's prospectus for more details. **5 The FTSE World Index** is comprised of world equities, including the U.S. **6 The Reference Benchmark** is 36% S&P 500 Index, 24% FTSE World (ex-U.S.) Index, 24% ICE BofAML Current 5-Year U.S. Treasury Index and 16% FTSE Non-U.S. Dollar World Government Bond Index. S&P 500 Index comprises large-capitalization U.S. equities. FTSE World (ex-U.S.) Index comprises world equities, ex-U.S. ICE BofAML 5-year U.S. Treasury Bond Index tracks the 5-year U.S. Treasury bond. FTSE Non-U.S. Dollar World Government Bond Index tracks government bond indices, ex-U.S. **7 Analyst Driven %** is the analyst input into the overall rating assignment, including direct analyst coverage and inheritance of an analyst-rated pillar. Data Coverage % is available input data for rating calculation at the Pillar level.

**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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