

Institutional: BSIX • Investor A: BASIX • Investor C: BSICX

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Fund Highlights

- **A Flexible, Core Bond Alternative:** An all-in-one flexible bond portfolio that widens the investment opportunity set by blending traditional and non-traditional investment strategies.
- **Adapting to Changing Bond Markets:** Built to adapt to diverse interest rate and credit conditions by investing across the entire bond market without sector, quality and geography limitations.
- **A History of Attractive Income & Returns:** The Fund has offered a unique combination of attractive income, strong returns and downside protection through diverse market environments.

% AVERAGE ANNUAL TOTAL RETURNS (6/30/14)¹

Without Sales Charge	1 Year	3 Years	5 Years	10 Years	Inception
Institutional	6.25	4.73	8.24	—	5.45
Investor A	5.97	4.46	7.97	—	5.19
Investor C	5.17	3.68	7.14	—	4.39
With Sales Charge	1 Year	3 Years	5 Years	10 Years	Inception
Investor A	1.73	3.05	7.09	—	4.52
Investor C	4.17	3.68	7.14	—	4.39
Lipper Category Avg.	4.01	3.52	6.97	4.98	—
Morningstar Category Avg.	3.11	2.90	6.00	4.81	—
Barclays US Universal ²	5.20	4.22	5.58	5.27	—
BofA ML 3-Month T-Bill ²	0.05	0.07	0.11	1.63	—

% CALENDAR YEAR RETURNS (FUND PERFORMANCE WITHOUT SALES CHARGES)¹

	2009	2010	2011	2012	2013	YTD	2Q14
Institutional	25.23	13.39	-0.73	9.91	3.28	3.35	1.65
Investor A	24.76	13.10	-0.98	9.64	3.02	3.10	1.58
Investor C	23.86	12.27	-1.72	8.84	2.24	2.81	1.39
Lipper Category Avg.	23.95	8.24	1.46	8.91	0.95	2.68	1.23
Barclays US Universal ²	8.60	7.17	7.40	5.53	-1.35	4.19	2.20
Morningstar Category Avg.	19.00	5.44	-1.29	7.50	0.29	2.38	1.14
BofA ML 3-Month T-Bill ²	0.21	0.13	0.10	0.11	0.07	0.02	0.01

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. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. Refer to www.blackrock.com for current month-end performance. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

The share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum initial sales charge of 4% for Investor A shares and applicable contingent deferred sales charges (CDSC) for Investor C shares. The maximum CDSC of 1% for Investor C shares is reduced to 0% after 1 year.

Minimum initial investment for Institutional shares is \$2 million. Institutional shares also are available to clients of registered investment advisors with \$750,000 invested in the fund, and offered to participants in wrap fee programs and other sponsored arrangements at various minimums.

Lipper Category

Alternative Credit Focus Funds

Morningstar Category

Nontraditional Bond

Overall Morningstar Rating™:

Institutional



Rated against 170 Nontraditional Bond Funds, as of 6/30/14, 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.³

Objective

Seeks total return as is consistent with preservation of capital.

Portfolio Management

Rick Rieder Bob Miller

PORTFOLIO STATISTICS

	Fund
Inception Date	2/5/08
Number of Holdings	2,068
Size of Fund	\$17.4 B
Weighted Avg. Life ⁴	6.48 yrs
Effective Duration ⁴	0.90 yrs
Dividend Frequency	Monthly

ANNUAL EXPENSES (% OF ASSETS)

	Total	Net, Including Investment Related	Net, Excluding Investment Related
Inst.	0.92	0.90	0.65
Inv. A	1.18	1.15	0.90
Inv. C	1.96	1.90	1.65

Expenses stated as of the fund's most recent prospectus. Investment dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses are included in the Net, Including Investment Related Expenses and excluded from the Net, Ex-Investment Related Expenses. Institutional, Investor A, Investor C have contractual waivers with an end date of 5/1/15 terminable upon 90 days' notice.

LIPPER AND MORNINGSTAR RANKINGS (6/30/14)

Lipper Rankings					Quartile Rankings			
	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
Institutional	29	23	12	—	1	2	2	—
Investor A	36	29	14	—	2	2	2	—
	Out of 135	Out of 86	Out of 41	—				

Morningstar Rankings					Quartile Rankings			
	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
Institutional	39	34	21	—	1	1	1	—
Investor A	51	39	23	—	1	1	2	—
	Out of 262	Out of 170	Out of 88	—				

Lipper Category: Alternative Credit Focus Funds. As of 6/30/14 and may not accurately represent the current composition of the portfolio. All share classes of the fund are invested in a common portfolio. Lipper rankings are based on total return excluding sales charges. Morningstar Category: Nontraditional Bond. Rankings are based on total return excluding sales charges, independently calculated and not combined to create an overall ranking.

SECTOR ALLOCATION

	(% Notional Exposures)		(% Notional Exposures)
Securitized Assets	24.8	High Yield	3.9
US Agency/MBS	16.3	Other	3.3
Emerging Mkt Debt	11.2	Bank Loans	1.3
Non-US Credit	10.2	Non-US Sovereign	-6.2
Municipals	4.9	US Treasury/Other	-12.0
Investment Grade Credit	4.1	Cash*	38.2

* Cash impact of US Treasury futures held.

CREDIT QUALITY (% MARKET VALUE)

AAA Rated	AA Rated	A Rated	BBB Rated	BB Rated	B Rated	CCC Rated	CC Rated	C Rated	D Rated	Not Rated	Cash & Cash Equivalents
47.6	5.9	9.9	16.0	9.5	5.7	2.0	0.4	0.3	0.9	5.9	-4.1

The fund itself has not been rated by an independent rating agency. Credit quality ratings on underlying securities of the fund are received from S&P, Moody's and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by BlackRock and takes the median rating of the three agencies when all three agencies rate a security the lower of the two ratings if only two agencies rate a security and one rating if that is all that is provided. Unrated securities do not necessarily indicate low quality. Below investment-grade is represented by a rating of BB and below. Ratings and portfolio credit quality may change over time.

Negative weightings may result from specific circumstances (including timing differences between trade and settle dates of securities purchased by the funds) and/or the use of certain financial instruments, including derivatives, which may be used to gain or reduce market exposure and/or risk management. Certain transactions the funds may utilize may give rise to a form of leverage through either additional market exposure or borrowing capital in an attempt to increase investment return. The use of such transactions includes certain leverage-related risks, including potential for higher volatility, greater decline of the fund's net asset value and fluctuations of dividends and distributions paid by the fund. **% Notional Exposures** represents a fund's use of derivatives, including but not limited to futures, options, and swaps. This value captures the fund exposures as if the derivative was replaced with the underlying asset and the corresponding financing or lending, such that all exposures sum to the net asset value. For non-derivatives, the Market Value and the Notional Market Value are identical.

Important Risks: The fund is actively managed and its characteristics will vary. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. 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. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of US gov't agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the US gov't. 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. 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. 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. 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.

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.

1 Institutional shares are sold to a limited group of investors, including certain retirement plans and certain investment programs. See prospectus for details. 2 The unmanaged, market-value-weighted Barclays US Universal Bond Index features fixed income securities issued in US dollars, including US 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 1 year. 3 The BofA Merrill Lynch 3-Month US Treasury Bill Index tracks US Treasury securities maturing in 90 days and assumes reinvestment of all income. 4 **Weighted Average Life** is the average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. **Duration** measures sensitivity of a fixed-income investment price to a change in interest rates. **Effective Duration** considers that expected cash flows will fluctuate as interest rates change. 5 Risk statistics are based on Investor A monthly returns for the 3-year period. Benchmark risk measures are calculated in relation to the Barclays US Universal Bond Index. **Standard Deviation** measures the volatility of the fund's returns. Higher deviation represents higher volatility. **Sharpe Ratio** uses a fund's standard deviation and its excess return (difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk. **Beta** measures the fund's sensitivity to market movements; beta greater than 1 is more volatile than the market, beta less than 1 is less volatile than the market. **R-Squared** reflects the percentage of a fund's movements that are explained by movements in its benchmark, showing the degree of correlation between the fund and benchmark. This figure is helpful in assessing how likely it is that beta is statistically significant. ‡ For each fund with a 3-year history, a Morningstar Rating™ is calculated based on risk-adjusted returns that account for variations in a fund's monthly performance (including sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds 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. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The fund was rated against the following numbers of US-domiciled Nontraditional Bond funds over the following time periods: 170 in the last 3 years and 88 in the last 5 years. With respect to these Nontraditional Bond funds, the fund received a Morningstar Rating of 4 and 4 stars for the 3- and 5-year periods, respectively. Other classes may have different performance characteristics.

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07/14 - Strategic Income Opportunities Fund / BASIX-0614

USR-4294

RISK MEASURES (3-YEAR)⁵

	Fund	Benchmark ²
Standard Deviation	2.83%	2.71%
Beta	0.40	1.00
R-Squared	14.49%	—
Sharpe Ratio	1.53	1.52

YIELD (%)

Standardized 30-day SEC yield as of 6/30/14

	SEC Yield	Unsubsidized Yield
Institutional	2.30	2.30
Investor A	1.92	1.92
Investor C	1.25	1.24

Subsidized 30-Day SEC Yield is based on a 30-day period ending on the last day of the previous month and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. If the fund expenses have waivers, the subsidized yield is based on the net expenses. Unsubsidized 30-Day SEC Yield is based on total expenses of the fund.

