

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

**BLACKROCK FUNDS**

CIK: [844779](#) | IRS No.: [510318674](#) | State of Incorp.: **MA** | Fiscal Year End: **0930**  
Type: **485BPOS** | Act: **33** | File No.: [033-26305](#) | Film No.: **13527888**

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*100 BELLEVUE PARKWAY  
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800-441-7762*

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CIK: [844779](#) | IRS No.: [510318674](#) | State of Incorp.: **MA** | Fiscal Year End: **0930**  
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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM N-1A**  
**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

Pre-Effective Amendment No.

Post-Effective Amendment No. 262

and/or

**REGISTRATION STATEMENT**

*UNDER*

*THE INVESTMENT COMPANY ACT OF 1940*

Amendment No. 264

(Check appropriate box or boxes)

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**BLACKROCK FUNDS<sup>SM</sup>**

(Exact Name of Registrant as Specified in Charter)

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100 Bellevue Parkway  
Wilmington, Delaware 19809

(Address of Principal Executive Office)

Registrant's Telephone Number, including Area Code (800) 441-7762

John M. Perlowski  
BlackRock Funds<sup>SM</sup>  
55 East 52<sup>nd</sup> Street  
New York, New York 10055

United States of America

(Name and Address of Agent for Service)

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*Copies to:*

John A. MacKinnon, Esq.  
Sidley Austin LLP  
787 Seventh Avenue  
New York, New York 10019-6018

Benjamin Archibald, Esq.  
BlackRock Advisors, LLC  
55 East 52<sup>nd</sup> Street  
New York, New York 10055

**It is proposed that this filing will become effective (check appropriate box)**

- Immediately upon filing pursuant to paragraph (b)
- On (date) pursuant to paragraph (b)
- 60 days after filing pursuant to paragraph (a)(1)
- On (date) pursuant to paragraph (a)(1)
- 75 days after filing pursuant to paragraph (a)(2)
- On (date) pursuant to paragraph (a)(2) of Rule 485.

**If appropriate, check the following box:**

- This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

Title of Securities Being Registered:

Shares of Beneficial Interest, par  
value \$0.001 per share.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all the requirements for effectiveness of this Registration Statement under Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, and the State of New York, on the 14<sup>th</sup> day of January, 2013.

BLACKROCK FUNDS<sup>SM</sup>, ON BEHALF OF BLACKROCK  
MULTI-ASSET REAL RETURN FUND  
(Registrant)

By: /s/ JOHN M. PERLOWSKI \_\_\_\_\_

**John M. Perlowski**  
**President and Chief Executive Officer**

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment to its Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOHN M. PERLOWSKI</u> <b>John M. Perlowski</b>	President and Chief Executive Officer (Principal Executive Officer)	January 14, 2013
<u>/s/ NEAL J. ANDREWS</u> <b>Neal J. Andrews</b>	Chief Financial Officer (Principal Financial and Accounting Officer)	January 14, 2013
<u>DAVID O. BEIM*</u> <b>David O. Beim</b>	Trustee	
<u>RONALD W. FORBES*</u> <b>Ronald W. Forbes</b>	Trustee	
<u>DR. MATINA S. HORNER*</u> <b>Dr. Matina S. Horner</b>	Trustee	
<u>RODNEY D. JOHNSON*</u> <b>Rodney D. Johnson</b>	Trustee	
<u>HERBERT I. LONDON*</u> <b>Herbert I. London</b>	Trustee	
<u>IAN A. MACKINNON*</u> <b>Ian A. MacKinnon</b>	Trustee	
<u>CYNTHIA A. MONTGOMERY*</u> <b>Cynthia A. Montgomery</b>	Trustee	
<u>JOSEPH P. PLATT*</u> <b>Joseph P. Platt</b>	Trustee	
<u>ROBERT C. ROBB, JR.*</u>	Trustee	



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TOBY ROSENBLATT\*

Trustee

**Toby Rosenblatt**

KENNETH L. URISH\*

Trustee

**Kenneth L. Urish**

FREDERICK W. WINTER\*

Trustee

**Frederick W. Winter**

PAUL L. AUDET\*

Trustee

**Paul L. Audet**

HENRY GABBAY\*

Trustee

**Henry Gabbay**

\*By:           /s/ BENJAMIN ARCHIBALD

January 14, 2013

**Benjamin Archibald (Attorney-in-Fact)**

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BlackRock Cayman Multi-Asset Real Return Fund, Ltd. has duly caused this Registration Statement of BlackRock Funds<sup>SM</sup>, on behalf of BlackRock Multi-Asset Real Return Fund, with respect only to information that specifically relates to BlackRock Cayman Multi-Asset Real Return Fund, Ltd., to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, and State of New York, on January 14, 2013.

BLACKROCK CAYMAN MULTI-ASSET REAL  
RETURN FUND, LTD.

By:                         /s/ Paul L. Audet                          
**(Paul L. Audet, Director)**

This Registration Statement of BlackRock Funds<sup>SM</sup>, on behalf of BlackRock Multi-Asset Real Return Fund, with respect only to information that specifically relates to BlackRock Cayman Multi-Asset Real Return Fund, Ltd., has been signed below by the following persons in the capacities on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>                        /s/ Paul L. Audet                        </u> <b>(Paul L. Audet)</b>	Director, BlackRock Cayman Multi-Asset Real Return Fund, Ltd.	January 14, 2013
<u>                        /s/ Henry Gabbay                        </u> <b>(Henry Gabbay)</b>	Director, BlackRock Cayman Multi-Asset Real Return Fund, Ltd.	January 14, 2013

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## EXHIBIT INDEX

<u>Index No.</u>	<u>Description of Exhibit</u>
EX-101.INS	XBRL Instance Document
EX-101.SCH	XBRL Taxonomy Extension Schema Document
EX-101.CAL	XBRL Taxonomy Extension Calculation Linkbase
EX-101.DEF	XBRL Taxonomy Extension Definition Linkbase
EX-101.LAB	XBRL Taxonomy Extension Labels Linkbase
EX-101.PRE	XBRL Taxonomy Extension Presentation Linkbase



<b>Label</b>	<b>Element</b>	<b>Value</b>
<a href="#"><u>Risk/Return:</u></a>	rr_RiskReturnAbstract	
<a href="#"><u>Registrant Name</u></a>	dei_EntityRegistrantName	BLACKROCK FUNDS
<a href="#"><u>Prospectus Date</u></a>	rr_ProspectusDate	Dec. 27, 2012
<a href="#"><u>Document Creation Date</u></a>	dei_DocumentCreationDate	Dec. 21, 2012

## BlackRock Multi-Asset Real Return Fund

### Fund Overview

#### Investment Objective

The investment objective of BlackRock Multi-Asset Real Return Fund ("Real Return Fund" or the "Fund"), a series of BlackRock Funds<sup>SM</sup> (the "Trust"), is to seek to generate returns in excess of the actual rate of inflation over a complete market cycle.

#### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of Real Return Fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least \$25,000 in the fund complex advised by BlackRock Advisors, LLC ("BlackRock") or its affiliates. More information about these and other discounts is available from your financial professional and in the "Details About the Share Classes" section on page 43 of the Fund's prospectus and in the "Purchase of Shares" section on page II-73 of the Fund's statement of additional information.

#### Shareholder Fees

(fees paid directly from your investment)

Shareholder Fees BlackRock Multi-Asset Real Return Fund	Investor A Shares	Investor C Shares	Institutional Shares
<a href="#">Maximum Sales Charge (Load) Imposed on Purchases (as percentage of offering price)</a>	5.25%	none	none
<a href="#">Maximum Deferred Sales Charge (Load) (as percentage of offering price or redemption proceeds, whichever is lower)</a>	none	[1] 1.00%	[2] none

[1] 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 at time of purchase as part of an investment of \$1,000,000 or more.

[2] There is no CDSC on Investor C Shares after one year.

#### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Annual Fund Operating Expenses BlackRock Multi- Asset Real Return Fund	Investor A Shares	Investor C Shares	Institutional Shares
<a href="#">Management Fee</a>	[1] 0.60%	0.60%	0.60%
<a href="#">Distribution and/or Service (12b-1) Fees</a>	0.25%	1.00%	none
<a href="#">Other Expenses</a>	[2] 0.60%	0.60%	0.49%
<a href="#">Acquired Fund Fees and Expenses</a>	[3] 0.46%	0.46%	0.46%
<a href="#">Total Annual Fund Operating Expenses</a>	1.91%	2.66%	1.55%
<a href="#">Fee Waivers and/or Expense Reimbursements</a>	[4] (0.40%)	(0.40%)	(0.29%)
<a href="#">Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements</a>	[4] 1.51%	2.26%	1.26%

[1] The Management Fee payable by the Fund is based on assets estimated to be attributable to the Fund's direct investments in fixed-income and equity securities and instruments, including exchange-traded funds ("ETFs") advised by BlackRock or other investment advisers, other investments and cash and cash equivalents (including money market funds). BlackRock has contractually agreed to waive the Management

Fee on assets estimated to be attributed to the Fund's investments in other equity, fixed-income and money market mutual funds managed by BlackRock or its affiliates (the "underlying funds").

[2] Other Expenses are based on estimated amounts for the current year.

[3] Acquired Fund Fees and Expenses are estimated for the current year.

[4] As described in the "Management of the Fund" section of the Fund's prospectus on pages 57-61, BlackRock has contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Dividend Expense, Interest Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) as a percentage of average daily net assets to 1.05% (for Investor A Shares), 1.80% (for Investor C Shares) and 0.80% (for Institutional Shares) through December 31, 2013. The Fund may have to repay some of these waivers and reimbursements to BlackRock in the following two years. The agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of the Trust or by a vote of a majority of the outstanding voting securities of the Fund.

### Example:

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

#### Expense Example

#### BlackRock Multi-Asset Real 1 Year 3 Years

#### Return Fund (USD \$)

Investor A Shares	671	1,057
Investor C Shares	329	789
Institutional Shares	128	461

You would pay the following expenses if you did not redeem your shares:

#### Expense Example, No

#### Redemption (USD \$)

#### 1 Year 3 Years

BlackRock Multi-Asset Real Return Fund Investor C Shares 229 789

### Portfolio Turnover:

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance.

### Principal Investment Strategies of the Fund

Real Return Fund uses an asset allocation strategy, investing varying percentages of its portfolio in seven major categories:

- inflation-protected public obligations of the U.S. Treasury ("TIPS");
- a broad range of equity securities, including emerging market equities;
- real estate investment trusts ("REITs");
- equity securities of commodity-related companies, including, but not limited to, companies operating in the mining, energy and agricultural sectors;
- directly held positions in master limited partnerships ("MLPs"), commodity-linked notes, commodity securities and commodity derivatives, including gold-linked investments;
- investment grade bonds; and
- non-investment grade bonds (junk bonds or distressed securities).

The Fund has flexibility in the relative weightings given to each category. In addition, the Fund may in the future invest assets in additional categories other than those listed above.

The Fund may also invest a significant portion of its assets in affiliated and unaffiliated exchange-traded funds (“ETFs”) and mutual funds. See “Information About the ETFs and Mutual Funds.” Over time, the Fund may invest a larger percentage of its assets in direct investments, and reduce its holdings in ETFs and mutual funds, although Fund management anticipates that the Fund will continue to hold some portion of its assets in ETFs and mutual funds.

The Fund may invest in TIPS, which are income-producing securities issued by the U.S. Treasury whose interest and principal payments are adjusted for inflation. The principal of TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index (“CPI”). When a TIPS matures, the investor is paid the adjusted principal or original principal, whichever is greater.

With respect to the Fund’s equity investments, the Fund, underlying funds and ETFs may invest in common stock, preferred stock, securities convertible into common and preferred stock and non-convertible preferred stock. The Fund generally intends to invest in inflation-sensitive stocks, which are stocks whose revenue streams or underlying fundamentals are influenced by changes in the rate of inflation. From time to time, the Fund may invest in shares of companies through initial public offerings (“IPOs”). The Fund may invest in securities of both U.S. or non-U.S. issuers without limit, which can be U.S. dollar based or non-U.S. dollar based and may be currency hedged or unhedged. The Fund may invest in securities of companies of any market capitalization.

The Fund may invest in U.S. and non-U.S. REITs.

Commodity-related companies include, but are not limited to, companies in commodities, natural resources and energy businesses and in associated businesses and companies that provide services or have exposure to such businesses. The Fund may invest in commodity-linked derivatives or MLPs. The Fund may gain such exposure by investing in BlackRock Cayman Multi-Asset Real Return Fund, Ltd., a wholly-owned subsidiary of the Fund (the “Subsidiary”) formed in the Cayman Islands, which will invest primarily in commodity-related instruments. The Fund will not invest more than 25% of its total assets (measured at the time of investment) in the Subsidiary.

The Fund, the ETFs and the mutual funds may invest in a portfolio of fixed-income securities such as corporate bonds and notes, commercial and residential mortgage-backed securities (bonds that are backed by a mortgage loan or pools of loans secured either by commercial property or residential mortgages, as applicable), collateralized mortgage obligations (bonds that are backed by cash flows from pools of mortgages and may have multiple classes with different payment rights and protections), collateralized debt obligations, asset-backed securities, convertible debt securities, debt obligations of governments and their sub-divisions (including those of non-U.S. governments), loan assignments and participations, inflation indexed bonds, other floating or variable rate obligations and zero coupon debt securities. The Fund, the ETFs and the mutual funds may also invest a portion of their assets in non-investment grade bonds (junk bonds or distressed securities), non-investment grade bank loans, foreign bonds (both U.S. dollar- and non-U.S. dollar-denominated) and bonds of emerging market issuers. The Fund, the ETFs and the mutual funds may invest in non-U.S. dollar-denominated bonds on a currency hedged or unhedged basis.

The Fund may invest in derivatives, including, but not limited to, interest rate, total return, credit default and inflation swaps, indexed and inverse floating rate securities, options, futures, options on futures and swaps and foreign currency transactions (including swaps), for hedging purposes, as well as to increase the return on its portfolio investments. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of repurchase agreements or purchase and sale contracts or by using other

investment techniques (such as dollar rolls). The Fund may also use forward foreign currency exchange contracts (obligations to buy or sell a currency at a set rate in the future) to hedge against movement in the value of non-U.S. currencies. The ETFs and the mutual funds may, to varying degrees, also invest in derivatives.

As part of its normal operations, the Fund may hold cash or high quality money market securities pending investments or when it expects to need cash to pay redeeming shareholders. The Fund also may invest in these securities in order to achieve its investment goal. Money market securities are short term securities consisting primarily of short term U.S. Government securities, U.S. Government agency securities, securities issued by U.S. Government sponsored enterprises and U.S. Government instrumentalities, bank obligations, commercial paper, including asset backed commercial paper, corporate notes and repurchase agreements.

### **Principal Risks of Investing in the Fund**

Risk is inherent in all investing. The value of your investment in Real Return Fund, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. You may lose part or all of your investment in the Fund or your investment may not perform as well as other similar investments. The following is a summary description of principal risks of investing in the Fund, the ETFs and/or the mutual funds. In the following discussion, references to the “Fund” shall mean any one or more of the relevant ETFs or mutual funds and the Fund, where applicable.

### **Principal Risks of the Fund’s Fund of Funds Structure**

- **Affiliated Fund Risk** — In managing the Fund, BlackRock will have authority to select and substitute ETFs or mutual funds. BlackRock may be subject to potential conflicts of interest in selecting ETFs or mutual funds because the fees paid to BlackRock by some ETFs or mutual funds are higher than the fees paid by other ETFs or mutual funds. However, BlackRock is a fiduciary to the Fund and is legally obligated to act in the Fund’s best interests when selecting ETFs and mutual funds.
- **Allocation Risk** — The Fund’s ability to achieve its investment objective depends upon BlackRock’s skill in determining the Fund’s strategic asset class allocation and in selecting the best mix of ETFs, mutual funds and direct investments. There is a risk that BlackRock’s evaluations and assumptions regarding asset classes or ETFs or mutual funds may be incorrect in view of actual market conditions.
- **Investments in ETFs and Other Mutual Funds Risk** — The Fund’s net asset value will change with changes in the value of the ETFs, mutual funds and other securities in which it invests. As with other investments, investments in other investment companies, including ETFs, are subject to market risk and, for non-index strategies, selection risk. In addition, if the Fund acquires shares of investment companies, including ETFs, shareholders bear both their proportionate share of expenses in the Fund (including management and advisory fees) and, indirectly, the expenses of the investment companies. If the Fund acquires shares of mutual funds, shareholders bear both their proportionate share of expenses in the Fund (excluding management and advisory fees) and, indirectly, the expenses of the mutual funds. To the extent the Fund is held by an affiliated fund, the ability of the Fund itself to hold other investment companies may be limited.

One ETF or mutual fund may buy the same securities that another ETF or mutual fund sells. In addition, the Fund may buy the same securities that an ETF or mutual fund sells, or vice-versa. If this happens, an investor in the Fund would indirectly bear the costs of these transactions without accomplishing the intended investment purpose. Also, an investor in the Fund may receive taxable gains from portfolio transactions by an ETF or mutual fund, as well as taxable gains from transactions in shares of the ETF or mutual fund by the Fund. Certain of the ETFs or mutual funds may hold common portfolio securities, thereby reducing the diversification benefits of the Fund.

### **Principal ETF-Specific Risks**

- **Cash Transaction Risk** — Certain ETFs intend to effect creations and redemptions principally for cash, rather than primarily in-kind because of the nature of the ETF's investments. Investments in such ETFs may be less tax efficient than investments in ETFs that effect creations and redemptions in-kind.
- **Management Risk** — If an ETF does not fully replicate the underlying index, it is subject to the risk that the manager's investment management strategy may not produce the intended results.
- **Passive Investment Risk** — ETFs purchased by the Fund are not actively managed and may be affected by a general decline in market segments relating to their respective indices. An ETF typically invests in securities included in, or representative of, its index regardless of their investment merits and does not attempt to take defensive positions in declining markets.
- **Representative Sampling Risk** — When an ETF deviates from a full replication indexing strategy to utilize a representative sampling strategy, the ETF is subject to an increased risk of tracking error, in that the securities selected in the aggregate for the ETF may not have an investment profile similar to those of its index.
- **Shares of an ETF May Trade at Prices Other Than Net Asset Value** — The trading prices of an ETF's shares fluctuate continuously throughout trading hours based on market supply and demand rather than net asset value. The trading prices of an ETF's shares may deviate significantly from net asset value during periods of market volatility. Any of these factors may lead to an ETF's shares trading at a premium or discount to net asset value. However, because shares can be created and redeemed in Creation Units, which are aggregated blocks of shares that authorized participants who have entered into agreements with the ETF's distributor can purchase or redeem directly from the ETF, at net asset value, large discounts or premiums to the net asset value of an ETF are not likely to be sustained over the long term. If a shareholder purchases at a time when the market price is at a premium to the net asset value or sells at a time when the market price is at a discount to the net asset value, the shareholder may sustain losses.
- **Tracking Error Risk** — Imperfect correlation between an ETF's portfolio securities and those in its index, rounding of prices, the timing of cash flows, the ETF's size, changes to the index and regulatory requirements may cause tracking error, which is the divergence of an ETF's performance from that of its underlying index. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because an ETF incurs fees and expenses while its underlying index does not.

#### **Other Principal Risks of Investing in the Fund**

- **Bank Loan Risk** — The market for bank loans may not be highly liquid and the Fund may have difficulty selling them. These investments expose the Fund to the credit risk of both the financial institution and the underlying borrower.
- **Collateralized Debt Obligations Risk** — The pool of high yield securities underlying collateralized debt obligations is typically separated into groupings called tranches representing different degrees of credit quality. The higher quality tranches have greater degrees of protection and pay lower interest rates. The lower tranches, with greater risk, pay higher interest rates.
- **Commodities Related Investments Risks** — Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.
- **Concentration Risk** — To the extent that the Fund's portfolio reflects concentration in the securities of issuers in a particular region, market, industry, group of industries, country, group of countries, sector or asset class, the Fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that region, market, industry, group of industries, country, group of countries, sector or asset class.

- **Convertible Securities Risk** — The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest or dividends when due, and their market value may change based on changes in the issuer’s credit rating or the market’s perception of the issuer’s creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock.
- **Corporate Loans Risk** — Commercial banks and other financial institutions or institutional investors make corporate loans to companies that need capital to grow or restructure. Borrowers generally pay interest on corporate loans at rates that change in response to changes in market interest rates such as the London Interbank Offered Rate (“LIBOR”) or the prime rates of U.S. banks. As a result, the value of corporate loan investments is generally less exposed to the adverse effects of shifts in market interest rates than investments that pay a fixed rate of interest. The market for corporate loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. The corporate loans in which the Fund invests are usually rated below investment grade.
- **Counterparty Risk** — The counterparty to an over-the-counter derivatives contract or a borrower of the Fund’s securities may be unable or unwilling to make timely principal, interest or settlement payments, or otherwise to honor its obligations.
- **Credit Risk** — Credit risk refers to the possibility that the issuer of a security will not be able to make payments of interest and principal when due. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the Fund’s investment in that issuer.
- **Debt Securities Risk** — Debt securities, such as bonds, involve credit risk. Debt securities are also subject to interest rate risk.
- **Derivatives Risk** — The Fund’s use of derivatives may reduce the Fund’s returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. A risk of the Fund’s use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. The possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position could expose the Fund to losses and could make derivatives more difficult for the Fund to value accurately. Derivatives may give rise to a form of leverage and may expose the Fund to greater risk and increase its costs. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation is not yet known and may not be known for some time. New regulation may make derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the value or performance of derivatives.
- **Distressed Securities Risk** — Distressed securities are speculative and involve substantial risks in addition to the risks of investing in junk bonds. The Fund will generally not receive interest payments on the distressed securities and may incur costs to protect its investment. In addition, distressed securities involve the substantial risk that principal will not be repaid. These securities may present a substantial risk of default or may be in default at the time of investment.
- **Dollar Rolls Risk** — Dollar rolls involve the risk that the market value of the securities that the Fund is committed to buy may decline below the price of the securities the Fund has sold. These transactions may involve leverage.
- **Emerging Markets Risk** — Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets may be considered speculative. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

- **Equity Securities Risk** — Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.
- **Extension Risk** — When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these securities to fall.
- **Foreign Securities Risk** — Foreign investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. These risks include:

— The Fund generally holds its foreign securities and cash in foreign banks and securities depositories, which may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight.

— Changes in foreign currency exchange rates can affect the value of the Fund's portfolio.

— The economies of certain foreign markets may not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position.

— The governments of certain countries may prohibit or impose substantial restrictions on foreign investments in their capital markets or in certain industries.

— Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws.

— Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments.

- **Gold and Other Precious Metal Related Securities Risk** — The price of gold and other precious metals and of gold and other precious metal related securities historically have been very volatile. The high volatility of gold and other precious metal prices may adversely affect the financial condition of companies involved with gold and other precious metals. The production and sale of precious metals by governments or central banks or other larger holders can be affected by various economic, financial, social and political factors, which may be unpredictable and may have a significant impact on the supply and prices of precious metals. The largest producers of gold are China, Australia, the Republic of South Africa, the United States and the Commonwealth of Independent States (which includes Russia and certain other countries that were part of the former Soviet Union). Economic and political conditions in those countries in particular may have a direct effect on the production and marketing of gold and on sales of central bank gold holdings.

Some gold and precious metals mining operation companies may hedge their exposure to declines in gold and precious metals prices by selling forward future production, which may result in lower returns during periods when the price of gold and precious metals increases. Other factors that may affect the price of gold and other precious metals and securities related to them include changes in inflation, the outlook for inflation and changes in industrial and commercial demand for precious metals.

In addition, in many gold-producing countries, the activities of companies engaged in gold mining are subject to the policies adopted by government officials and agencies and are subject to national and international political and economic developments. Moreover, political, social and economic conditions in many gold-producing countries are somewhat unsettled, which may pose certain risks to the Fund in addition to the risks described above in "Emerging Markets Risk" and "Foreign Securities Risk" because the Fund may hold a portion of its assets in securities of issuers in such countries.



- **High Portfolio Turnover Risk** — High portfolio turnover (more than 100%) may result in increased transaction costs to the Fund and potentially higher capital gains or losses for shareholders. The effects of higher than normal portfolio turnover may adversely affect Fund performance.
- **Indexed and Inverse Securities Risk** — Certain indexed and inverse securities have greater sensitivity to changes in interest rates or index levels than other securities, and the Fund's investment in such instruments may decline significantly in value if interest rates or index levels move in a way Fund management does not anticipate.
- **Inflation Indexed Bonds Risk** — Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of TIPS. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal value.

Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted based on the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Short-term increases in inflation may lead to a decline in value. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

Periodic adjustments for inflation to the principal amount of an inflation-indexed bond may give rise to original issue discount, which will be includable in the Fund's gross income. Due to original issue discount, the Fund may be required to make annual distributions to shareholders that exceed the cash received, which may cause the Fund to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed bond is adjusted downward due to deflation, amounts previously distributed in the taxable year may be characterized in some circumstances as a return of capital.

- **Interest Rate Risk** — Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. In general, the market price of debt securities with longer maturities will go up or down more in response to changes in interest rates than the market price of shorter term securities.
- **Junk Bonds Risk** — Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that may cause income and principal losses for the Fund.
- **Leverage Risk** — Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, and may expose the Fund to greater risk and increase its costs. The use of leverage may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage.
- **Liquidity Risk** — Liquidity risk exists when particular investments are difficult to purchase or sell. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the Fund's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk. Liquid investments may become illiquid after purchase by the Fund, particularly during periods of market turmoil. Illiquid investments may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss. In addition, when there is

illiquidity in the market for certain securities, the Fund, due to limitations on illiquid investments, may be subject to purchase and sale restrictions.

- **Master Limited Partnerships Risk** — The common units of an MLP are listed and traded on U.S. securities exchanges and their value fluctuates predominantly based on prevailing market conditions and the success of the MLP. Unlike owners of common stock of a corporation, owners of common units have limited voting rights and have no ability annually to elect directors. In the event of liquidation, common units have preference over subordinated units, but not over debt or preferred units, to the remaining assets of the MLP.
- **Market Risk and Selection Risk** — Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.
- **Mid-Cap Securities Risk** — The securities of mid-cap companies generally trade in lower volumes and are generally subject to greater and less predictable price changes than the securities of larger capitalization companies.
- **Money Market Securities Risk** — If market conditions improve while the Fund has invested some or all of its assets in high quality money market securities, this strategy could result in reducing the potential gain from the market upswing, thus reducing the Fund's opportunity to achieve its investment objective.
- **Mortgage- and Asset-Backed Securities Risks** — Mortgage- and asset-backed securities represent interests in "pools" of mortgages or other assets, including consumer loans or receivables held in trust. Mortgage- and asset-backed securities are subject to credit, interest rate, prepayment and extension risks. These securities also are subject to risk of default on the underlying mortgage or asset, particularly during periods of economic downturn. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain mortgage-backed securities.
- **"New Issues" Risk** — "New Issues" are initial public offerings of U.S. equity securities. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile or may decline shortly after the initial public offering.
- **Preferred Securities Risk** — Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities.
- **Prepayment Risk** — When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Fund may have to invest the proceeds in securities with lower yields.
- **Real Estate Related Securities Risks** — The main risk of real estate related securities is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include both the general and local economies, the amount of new construction in a particular area, the laws and regulations (including zoning and tax laws) affecting real estate and the costs of owning, maintaining and improving real estate. The availability of mortgages and changes in interest rates may also affect real estate values. If the Fund's real estate related investments are concentrated in one geographic area or in one property type, the Fund will be particularly subject to the risks associated with that area or property type.
- **REIT Investment Risk** — Investments in REITs involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume, may engage in dilutive offerings of securities and may be more volatile than other securities. REIT issuers are also subject to the possibilities of failing to qualify for tax free pass-through of income and failing to maintain their exemptions from investment company registration.
- **Repurchase Agreements and Purchase and Sale Contracts Risks** — If the other party to a repurchase agreement or purchase and sale contract defaults on its obligation under the agreement, the Fund may suffer delays and incur costs or lose money in exercising its rights under the agreement. If the seller fails to

repurchase the security in either situation and the market value of the security declines, the Fund may lose money.

- **Risks of Loan Assignments and Participations** — As the purchaser of an assignment, the Fund typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the Fund may not be able unilaterally to enforce all rights and remedies under the loan and with regard to any associated collateral. Because assignments may be arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by the Fund as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. In addition, if the loan is foreclosed, the Fund could become part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. The Fund may be required to pass along to a purchaser that buys a loan from the Fund by way of assignment a portion of any fees to which the Fund is entitled under the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the Fund will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.
- **Second Lien Loans Risk** — Second lien loans generally are subject to similar risks as those associated with investments in senior loans. Because second lien loans are subordinated or unsecured and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower.
- **Senior Loans Risk** — There is less readily available, reliable information about most senior loans than is the case for many other types of securities. An economic downturn generally leads to a higher non-payment rate, and a senior loan may lose significant value before a default occurs. Moreover, any specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. No active trading market may exist for certain senior loans, which may impair the ability of the Fund to realize full value in the event of the need to sell a senior loan and which may make it difficult to value senior loans. Although senior loans in which the Fund will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. To the extent that a senior loan is collateralized by stock in the borrower or its subsidiaries, such stock may lose all of its value in the event of the bankruptcy of the borrower. Uncollateralized senior loans involve a greater risk of loss. The senior loans in which the Fund invests are usually rated below investment grade.
- **Small Cap and Emerging Growth Securities Risks** — Small cap or emerging growth companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a more limited management group than larger capitalized companies.
- **Sovereign Debt Risk** — Sovereign debt instruments are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies.
- **Structured Products Risk** — Holders of structured products bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk. The Fund may have the right to receive payments only from the structured product, and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. Certain structured products may be thinly traded or have a limited trading market. In addition to the general risks associated with debt securities discussed herein,

structured products carry additional risks, including, but not limited to: the possibility that distributions from collateral securities will not be adequate to make interest or other payments; the quality of the collateral may decline in value or default; and the possibility that the structured products are subordinate to other classes.

- **Subsidiary Risk** — By investing in the Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary’s investments. The commodity-related instruments held by the Subsidiary are generally similar to those that are permitted to be held by the Fund and are subject to the same risks that apply to similar investments if held directly by the Fund. There can be no assurance that the investment objective of the Subsidiary will be achieved. The Subsidiary is not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and, unless otherwise noted in this prospectus, is not subject to all the investor protections of the Investment Company Act. However, the Fund wholly owns and controls the Subsidiary, and the Fund and the Subsidiary are both managed by BlackRock, making it unlikely that the Subsidiary will take action contrary to the interests of the Fund and its shareholders. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or the Subsidiary to operate as described in this prospectus and the Statement of Additional Information and could adversely affect the Fund.
- **Supranational Entities Risk** — The Fund may invest in obligations issued or guaranteed by the International Bank for Reconstruction and Development (the World Bank). If one or more stockholders of the World Bank fail to make necessary additional capital contributions, the entity may be unable to pay interest or repay principal on its debt securities, and the Fund may lose money on such investments.
- **Tax and Regulatory Risk** — Certain aspects of the tax treatment of derivative instruments, including swap agreements and commodity-linked derivatives, are currently unclear and may be affected by changes in legislation, regulations or other legally binding authority that could affect the character, timing and amount of the Fund’s taxable income or gains and distributions. Other future developments may also impact the Fund’s ability to invest or remain invested in certain derivatives.
- **Tender Option Bonds and Related Securities Risk** — Investments in tender option bonds, residual interest tender option bonds and inverse floaters expose the Fund to the same risks as investments in derivatives, as well as risks associated with leverage, described above, especially the risk of increased volatility. An investment in these securities may be subject to the risk of loss of principal. Residual interest tender option bonds and inverse floaters generally will underperform the market for fixed rate municipal securities in a rising interest rate environment.
- **Treasury Obligations Risk** — Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so.
- **U.S. Government Mortgage-Related Securities Risk** — There are a number of important differences among the agencies and instrumentalities of the U.S. Government that issue mortgage-related securities and among the securities that they issue. Mortgage-related securities guaranteed by the Government National Mortgage Association (“Ginnie Mae”) are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. Ginnie Mae securities also are supported by the right of Ginnie Mae to borrow funds from the U.S. Treasury to make payments under its guarantee. Mortgage-related securities issued by The Federal National Mortgage Association (“Fannie Mae”) or The Federal Home Loan Mortgage Corporation (“Freddie Mac”) are solely the obligations of Fannie Mae or Freddie Mac, as the case may be, and are not backed by or entitled to the full faith and credit of the United States but are supported by the right of the issuer to borrow from the U.S. Treasury.

- **U.S. Government Obligations Risk** — Certain securities in which the Fund may invest, including securities issued by certain U.S. Government agencies and U.S. Government sponsored enterprises, are not guaranteed by the U.S. Government or supported by the full faith and credit of the United States.
- **Variable and Floating Rate Instrument Risk** — The absence of an active market for these securities could make it difficult for the Fund to dispose of them if the issuer defaults.
- **Zero Coupon Securities Risk** — While interest payments are not made on such securities, holders of such securities are deemed to have received income (“phantom income”) annually, notwithstanding that cash may not be received currently. Some of these securities may be subject to substantially greater price fluctuations during periods of changing market interest rates than are comparable securities that pay interest currently. Longer term zero coupon bonds are more exposed to interest rate risk than shorter term zero coupon bonds.

### **Performance Information**

Because Real Return Fund has not commenced operations as of the date of this prospectus, it does not have performance information an investor would find useful in evaluating the risks of investing in the Fund. The Fund’s primary benchmarks are the Barclays U.S. Treasury Inflation Protected Securities Index and the Consumer Price Index.

Label	Element	Value
<a href="#">Risk/Return:</a>	rr_RiskReturnAbstract	
<a href="#">Registrant Name</a>	dei_EntityRegistrantName	BLACKROCK FUNDS
<a href="#">Prospectus Date</a>	rr_ProspectusDate	Dec. 27, 2012
BlackRock Multi-Asset Real Return Fund		
<a href="#">Risk/Return:</a>	rr_RiskReturnAbstract	
<a href="#">Risk/Return [Heading]</a>	rr_RiskReturnHeading	Fund Overview
<a href="#">Objective [Heading]</a>	rr_ObjectiveHeading	<b>Investment Objective</b>
<a href="#">Objective, Primary [Text Block]</a>	rr_ObjectivePrimaryTextBlock	The investment objective of BlackRock Multi-Asset Real Return Fund (“Real Return Fund” or the “Fund”), a series of BlackRock Funds <sup>SM</sup> (the “Trust”), is to seek to generate returns in excess of the actual rate of inflation over a complete market cycle.
<a href="#">Expense [Heading]</a>	rr_ExpenseHeading	<b>Fees and Expenses of the Fund</b>
<a href="#">Expense Narrative [Text Block]</a>	rr_ExpenseNarrativeTextBlock	This table describes the fees and expenses that you may pay if you buy and hold shares of Real Return Fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least \$25,000 in the fund complex advised by BlackRock Advisors, LLC (“BlackRock”) or its affiliates. More information about these and other discounts is available from your financial professional and in the “Details About the

[Shareholder Fees Caption](#)  
[Text]

rr\_ShareholderFeesCaption

[Operating Expenses Caption](#)  
[Text]

rr\_OperatingExpensesCaption

[Fee Waiver or Reimbursement over Assets, Date of Termination](#)

rr\_FeeWaiverOrReimbursementOverAssetsDateOfTermination

December 31, 2013

[Portfolio Turnover](#)  
[Heading]

rr\_PortfolioTurnoverHeading

[Portfolio Turnover](#)  
[Text Block]

rr\_PortfolioTurnoverTextBlock

[Expenses Deferred Charges](#)  
[Text Block]

rr\_ExpensesDeferredChargesTextBlock

Share Classes” section on page 43 of the Fund’s prospectus and in the “Purchase of Shares” section on page II-73 of the Fund’s statement of additional information.

**Shareholder Fees (fees paid directly from your investment)**  
**Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)**

**Portfolio Turnover:**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance.

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

[Expense Breakpoint Discounts \[Text\]](#)

rr\_ExpenseBreakpointDiscounts

sales charge was paid at time of purchase as part of an investment of \$1,000,000 or more. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least \$25,000 in the fund complex advised by BlackRock Advisors, LLC (“BlackRock”) or its affiliates.

[Expense Breakpoint Minimum Investment Required \[Amount\]](#)  
[Other Expenses, New Fund, Based on Estimates \[Text\]](#)

rr\_ExpenseBreakpointMinimumInvestmentRequiredAmount

25,000

[Acquired Fund Fees and Expenses, Based on Estimates \[Text\]](#)

rr\_OtherExpensesNewFundBasedOnEstimates

Other Expenses are based on estimated amounts for the current year.

[Expense Example \[Heading\]](#)  
[Expense Example Narrative \[Text Block\]](#)

rr\_ExpenseExampleHeading

Acquired Fund Fees and Expenses are estimated for the current year.

**Example:**

rr\_ExpenseExampleNarrativeTextBlock

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same.



[Expense Example, No Redemption, By Year, Caption](#) rr\_ExpenseExampleNoRedemptionByYearCaption  
[Text]  
[Strategy](#) rr\_StrategyHeading  
[Heading]  
[Strategy Narrative](#) [Text Block]

rr\_StrategyNarrativeTextBlock

Although your actual costs may be higher or lower, based on these assumptions your costs would be:

You would pay the following expenses if you did not redeem your shares:

### **Principal Investment Strategies of the Fund**

Real Return Fund uses an asset allocation strategy, investing varying percentages of its portfolio in seven major categories:

- inflation-protected public obligations of the U.S. Treasury (“TIPS”);
- a broad range of equity securities, including emerging market equities;
- real estate investment trusts (“REITs”);
- equity securities of commodity-related companies, including, but not limited to, companies operating in the mining, energy and agricultural sectors;
- directly held positions in master limited partnerships (“MLPs”), commodity-linked notes, commodity securities and commodity derivatives, including gold-linked investments;
- investment grade bonds; and

- non-investment grade bonds (junk bonds or distressed securities).

The Fund has flexibility in the relative weightings given to each category. In addition, the Fund may in the future invest assets in additional categories other than those listed above.

The Fund may also invest a significant portion of its assets in affiliated and unaffiliated exchange-traded funds (“ETFs”) and mutual funds. See “Information About the ETFs and Mutual Funds.” Over time, the Fund may invest a larger percentage of its assets in direct investments, and reduce its holdings in ETFs and mutual funds, although Fund management anticipates that the Fund will continue to hold some portion of its assets in ETFs and mutual funds.

The Fund may invest in TIPS, which are income-producing securities issued by the U.S. Treasury whose interest and principal payments are adjusted for inflation. The principal of TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index (“CPI”). When a TIPS matures, the investor is paid the adjusted principal or original principal, whichever is greater.

With respect to the Fund's equity investments, the Fund, underlying funds and ETFs may invest in common stock, preferred stock, securities convertible into common and preferred stock and non-convertible preferred stock. The Fund generally intends to invest in inflation-sensitive stocks, which are stocks whose revenue streams or underlying fundamentals are influenced by changes in the rate of inflation. From time to time, the Fund may invest in shares of companies through initial public offerings ("IPOs"). The Fund may invest in securities of both U.S. or non-U.S. issuers without limit, which can be U.S. dollar based or non-U.S. dollar based and may be currency hedged or unhedged. The Fund may invest in securities of companies of any market capitalization.

The Fund may invest in U.S. and non-U.S. REITs.

Commodity-related companies include, but are not limited to, companies in commodities, natural resources and energy businesses and in associated businesses and companies that provide services or have exposure to such businesses. The Fund may invest in commodity-linked derivatives or MLPs. The

Fund may gain such exposure by investing in BlackRock Cayman Multi-Asset Real Return Fund, Ltd., a wholly-owned subsidiary of the Fund (the “Subsidiary”) formed in the Cayman Islands, which will invest primarily in commodity-related instruments. The Fund will not invest more than 25% of its total assets (measured at the time of investment) in the Subsidiary.

The Fund, the ETFs and the mutual funds may invest in a portfolio of fixed-income securities such as corporate bonds and notes, commercial and residential mortgage-backed securities (bonds that are backed by a mortgage loan or pools of loans secured either by commercial property or residential mortgages, as applicable), collateralized mortgage obligations (bonds that are backed by cash flows from pools of mortgages and may have multiple classes with different payment rights and protections), collateralized debt obligations, asset-backed securities, convertible debt securities, debt obligations of governments and their sub-divisions (including those of non-U.S. governments), loan assignments and participations, inflation indexed bonds, other

floating or variable rate obligations and zero coupon debt securities. The Fund, the ETFs and the mutual funds may also invest a portion of their assets in non-investment grade bonds (junk bonds or distressed securities), non-investment grade bank loans, foreign bonds (both U.S. dollar- and non-U.S. dollar-denominated) and bonds of emerging market issuers. The Fund, the ETFs and the mutual funds may invest in non-U.S. dollar-denominated bonds on a currency hedged or unhedged basis.

The Fund may invest in derivatives, including, but not limited to, interest rate, total return, credit default and inflation swaps, indexed and inverse floating rate securities, options, futures, options on futures and swaps and foreign currency transactions (including swaps), for hedging purposes, as well as to increase the return on its portfolio investments. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of repurchase agreements or purchase and sale contracts or by using other investment techniques (such as dollar rolls). The Fund may also use forward foreign currency exchange contracts

(obligations to buy or sell a currency at a set rate in the future) to hedge against movement in the value of non-U.S. currencies. The ETFs and the mutual funds may, to varying degrees, also invest in derivatives.

As part of its normal operations, the Fund may hold cash or high quality money market securities pending investments or when it expects to need cash to pay redeeming shareholders. The Fund also may invest in these securities in order to achieve its investment goal. Money market securities are short term securities consisting primarily of short term U.S. Government securities, U.S. Government agency securities, securities issued by U.S. Government sponsored enterprises and U.S. Government instrumentalities, bank obligations, commercial paper, including asset backed commercial paper, corporate notes and repurchase agreements.

**Principal Risks of Investing in the Fund**

Risk is inherent in all investing. The value of your investment in Real Return Fund, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. You

[Risk \[Heading\]](#) rr\_RiskHeading

[Risk Narrative \[Text Block\]](#)

rr\_RiskNarrativeTextBlock

may lose part or all of your investment in the Fund or your investment may not perform as well as other similar investments. The following is a summary description of principal risks of investing in the Fund, the ETFs and/or the mutual funds. In the following discussion, references to the “Fund” shall mean any one or more of the relevant ETFs or mutual funds and the Fund, where applicable.

### **Principal Risks of the Fund’s Fund of Funds Structure**

- **Affiliated Fund**

**Risk** — In managing the Fund, BlackRock will have authority to select and substitute ETFs or mutual funds. BlackRock may be subject to potential conflicts of interest in selecting ETFs or mutual funds because the fees paid to BlackRock by some ETFs or mutual funds are higher than the fees paid by other ETFs or mutual funds. However, BlackRock is a fiduciary to the Fund and is legally obligated to act in the Fund’s best interests when selecting ETFs and mutual funds.

- **Allocation Risk** — The Fund’s ability to

achieve its investment objective depends upon BlackRock's skill in determining the Fund's strategic asset class allocation and in selecting the best mix of ETFs, mutual funds and direct investments. There is a risk that BlackRock's evaluations and assumptions regarding asset classes or ETFs or mutual funds may be incorrect in view of actual market conditions.

- **Investments in ETFs and Other Mutual Funds Risk**  
— The Fund's net asset value will change with changes in the value of the ETFs, mutual funds and other securities in which it invests. As with other investments, investments in other investment companies, including ETFs, are subject to market risk and, for non-index strategies, selection risk. In addition, if the Fund acquires shares of investment companies, including ETFs, shareholders bear both their proportionate share of expenses in the Fund (including



management and advisory fees) and, indirectly, the expenses of the investment companies. If the Fund acquires shares of mutual funds, shareholders bear both their proportionate share of expenses in the Fund (excluding management and advisory fees) and, indirectly, the expenses of the mutual funds. To the extent the Fund is held by an affiliated fund, the ability of the Fund itself to hold other investment companies may be limited.

One ETF or mutual fund may buy the same securities that another ETF or mutual fund sells. In addition, the Fund may buy the same securities that an ETF or mutual fund sells, or vice-versa. If this happens, an investor in the Fund would indirectly bear the costs of these transactions without accomplishing the intended investment purpose. Also, an investor in the Fund may receive taxable gains from portfolio transactions by an ETF or mutual fund,

as well as taxable gains from transactions in shares of the ETF or mutual fund by the Fund. Certain of the ETFs or mutual funds may hold common portfolio securities, thereby reducing the diversification benefits of the Fund.

### **Principal ETF-Specific Risks**

- **Cash Transaction Risk** — Certain ETFs intend to effect creations and redemptions principally for cash, rather than primarily in-kind because of the nature of the ETF's investments. Investments in such ETFs may be less tax efficient than investments in ETFs that effect creations and redemptions in-kind.
- **Management Risk** — If an ETF does not fully replicate the underlying index, it is subject to the risk that the manager's investment management strategy may not produce the intended results.
- **Passive Investment Risk** — ETFs purchased by the Fund are not actively managed and may be affected by a general decline in market segments relating to

their respective indices. An ETF typically invests in securities included in, or representative of, its index regardless of their investment merits and does not attempt to take defensive positions in declining markets.

- **Representative Sampling Risk** — When an ETF deviates from a full replication indexing strategy to utilize a representative sampling strategy, the ETF is subject to an increased risk of tracking error, in that the securities selected in the aggregate for the ETF may not have an investment profile similar to those of its index.
- **Shares of an ETF May Trade at Prices Other Than Net Asset Value** — The trading prices of an ETF's shares fluctuate continuously throughout trading hours based on market supply and demand rather than net asset value. The trading prices of an ETF's shares may deviate significantly from net asset value during periods of market volatility. Any of these factors

may lead to an ETF's shares trading at a premium or discount to net asset value. However, because shares can be created and redeemed in Creation Units, which are aggregated blocks of shares that authorized participants who have entered into agreements with the ETF's distributor can purchase or redeem directly from the ETF, at net asset value, large discounts or premiums to the net asset value of an ETF are not likely to be sustained over the long term. If a shareholder purchases at a time when the market price is at a premium to the net asset value or sells at a time when the market price is at a discount to the net asset value, the shareholder may sustain losses.

- **Tracking Error Risk** — Imperfect correlation between an ETF's portfolio securities and those in its index, rounding of prices, the timing of cash flows, the ETF's size, changes to the index and regulatory requirements may cause tracking error, which is the

divergence of an ETF's performance from that of its underlying index. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because an ETF incurs fees and expenses while its underlying index does not.

### **Other Principal Risks of Investing in the Fund**

- **Bank Loan Risk** — The market for bank loans may not be highly liquid and the Fund may have difficulty selling them. These investments expose the Fund to the credit risk of both the financial institution and the underlying borrower.
- **Collateralized Debt Obligations Risk** — The pool of high yield securities underlying collateralized debt obligations is typically separated into groupings called tranches representing different degrees of credit quality. The higher quality tranches have greater degrees of protection and pay lower interest rates. The lower tranches, with

greater risk, pay higher interest rates.

- **Commodities Related Investments Risks** — Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.
- **Concentration Risk** — To the extent that the Fund's portfolio reflects concentration in the securities of issuers in a particular region, market, industry, group of industries, country, group of countries, sector or asset class, the Fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be

more susceptible to adverse economic, market, political or regulatory occurrences affecting that region, market, industry, group of industries, country, group of countries, sector or asset class.

- **Convertible Securities Risk** — The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest or dividends when due, and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock.

- **Corporate Loans Risk** — Commercial

banks and other financial institutions or institutional investors make corporate loans to companies that need capital to grow or restructure.

Borrowers generally pay interest on corporate loans at rates that change in response to changes in market interest rates such as the London Interbank Offered Rate (“LIBOR”) or the prime rates of U.S. banks. As a result, the value of corporate loan investments is generally less exposed to the adverse effects of shifts in market interest rates than investments that pay a fixed rate of interest. The market for corporate loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. The corporate loans in which the Fund invests are usually rated below investment grade.

- **Counterparty Risk** — The counterparty to an over-the-counter derivatives contract or a borrower of the



Fund's securities may be unable or unwilling to make timely principal, interest or settlement payments, or otherwise to honor its obligations.

- **Credit Risk** — Credit risk refers to the possibility that the issuer of a security will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer.
- **Debt Securities Risk** — Debt securities, such as bonds, involve credit risk. Debt securities are also subject to interest rate risk.
- **Derivatives Risk** — The Fund's use of derivatives may reduce the Fund's returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. Derivatives are also subject to counterparty risk,

which is the risk that the other party in the transaction will not fulfill its contractual obligation. A risk of the Fund's use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. The possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position could expose the Fund to losses and could make derivatives more difficult for the Fund to value accurately. Derivatives may give rise to a form of leverage and may expose the Fund to greater risk and increase its costs. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation is not yet known and may not be known for some time. New regulation may make derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the value or

performance of derivatives.

- **Distressed Securities Risk** — Distressed securities are speculative and involve substantial risks in addition to the risks of investing in junk bonds. The Fund will generally not receive interest payments on the distressed securities and may incur costs to protect its investment. In addition, distressed securities involve the substantial risk that principal will not be repaid. These securities may present a substantial risk of default or may be in default at the time of investment.
- **Dollar Rolls Risk** — Dollar rolls involve the risk that the market value of the securities that the Fund is committed to buy may decline below the price of the securities the Fund has sold. These transactions may involve leverage.
- **Emerging Markets Risk** — Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets

may be considered speculative. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

- **Equity Securities Risk** — Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.
- **Extension Risk** — When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these securities to fall.
- **Foreign Securities Risk** — Foreign investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. These risks include:

— The Fund

generally holds its foreign securities and cash in foreign banks and securities depositories, which may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight.

— Changes in foreign currency exchange rates can affect the value of the Fund's portfolio.

— The economies of certain foreign markets may not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position.

— The governments of certain countries may prohibit or impose substantial restrictions on foreign investments in their capital markets or in certain industries.

— Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of

securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws.

— Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments.

- **Gold and Other Precious Metal Related Securities Risk** — The price of gold and other precious metals and of gold and other precious metal related securities historically have been very volatile. The high volatility of gold and other precious metal prices may adversely affect the financial condition of companies involved with gold and other precious metals. The production and sale of precious metals by governments or central banks or other larger holders can be affected by various economic, financial, social and political factors, which may be unpredictable and

may have a significant impact on the supply and prices of precious metals. The largest producers of gold are China, Australia, the Republic of South Africa, the United States and the Commonwealth of Independent States (which includes Russia and certain other countries that were part of the former Soviet Union). Economic and political conditions in those countries in particular may have a direct effect on the production and marketing of gold and on sales of central bank gold holdings.

Some gold and precious metals mining operation companies may hedge their exposure to declines in gold and precious metals prices by selling forward future production, which may result in lower returns during periods when the price of gold and precious metals increases. Other factors that may affect the price of gold and other precious metals and

securities related to them include changes in inflation, the outlook for inflation and changes in industrial and commercial demand for precious metals.

In addition, in many gold-producing countries, the activities of companies engaged in gold mining are subject to the policies adopted by government officials and agencies and are subject to national and international political and economic developments.

Moreover, political, social and economic conditions in many gold-producing countries are somewhat unsettled, which may pose certain risks to the Fund in addition to the risks described above in “Emerging Markets Risk” and “Foreign Securities Risk” because the Fund may hold a portion of its assets in securities of issuers in such countries.

- **High Portfolio Turnover Risk** — High portfolio turnover (more than 100%) may result in increased transaction



costs to the Fund and potentially higher capital gains or losses for shareholders. The effects of higher than normal portfolio turnover may adversely affect Fund performance.

- **Indexed and Inverse Securities Risk** — Certain indexed and inverse securities have greater sensitivity to changes in interest rates or index levels than other securities, and the Fund's investment in such instruments may decline significantly in value if interest rates or index levels move in a way Fund management does not anticipate.
- **Inflation Indexed Bonds Risk** — Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of TIPS. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal value.

Inflation-indexed bonds are fixed-

income securities whose principal value is periodically adjusted based on the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Short-term increases in inflation may lead to a decline in value. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not

receive their principal until maturity.

Periodic adjustments for inflation to the principal amount of an inflation-indexed bond may give rise to original issue discount, which will be includable in the Fund's gross income. Due to original issue discount, the Fund may be required to make annual distributions to shareholders that exceed the cash received, which may cause the Fund to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed bond is adjusted downward due to deflation, amounts previously distributed in the taxable year may be characterized in some circumstances as a return of capital.

- **Interest Rate Risk**  
— Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. In general, the market price of debt securities with

longer maturities will go up or down more in response to changes in interest rates than the market price of shorter term securities.

- **Junk Bonds Risk** — Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that may cause income and principal losses for the Fund.
- **Leverage Risk** — Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, and may expose the Fund to greater risk and increase its costs. The use of leverage may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage.
- **Liquidity Risk** — Liquidity risk exists when particular

investments are difficult to purchase or sell. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the Fund's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk. Liquid investments may become illiquid after purchase by the Fund, particularly during periods of market turmoil. Illiquid investments may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss. In addition, when there is illiquidity in the market for certain securities, the Fund, due to limitations on illiquid investments, may be subject to purchase and sale restrictions.

- **Master Limited Partnerships Risk** — The common units of an MLP are listed and traded on U.S. securities exchanges and their value fluctuates predominantly based on prevailing market conditions and the success of the MLP. Unlike owners of common stock of a corporation, owners of common units have limited voting rights and have no ability annually to elect directors. In the event of liquidation, common units have preference over subordinated units, but not over debt or preferred units, to the remaining assets of the MLP.
- **Market Risk and Selection Risk** — Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with

similar investment objectives and investment strategies. This means you may lose money.

- **Mid-Cap Securities Risk** — The securities of mid-cap companies generally trade in lower volumes and are generally subject to greater and less predictable price changes than the securities of larger capitalization companies.
- **Money Market Securities Risk** — If market conditions improve while the Fund has invested some or all of its assets in high quality money market securities, this strategy could result in reducing the potential gain from the market upswing, thus reducing the Fund's opportunity to achieve its investment objective.
- **Mortgage- and Asset-Backed Securities Risks** — Mortgage- and asset-backed securities represent interests in "pools" of mortgages or other assets, including consumer loans or receivables held in trust. Mortgage- and asset-backed securities are subject to credit,

interest rate, prepayment and extension risks. These securities also are subject to risk of default on the underlying mortgage or asset, particularly during periods of economic downturn. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain mortgage-backed securities.

- **“New Issues” Risk** — “New Issues” are initial public offerings of U.S. equity securities. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile or may decline shortly after the initial public offering.
- **Preferred Securities Risk** — Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities.



- **Prepayment Risk** —  
When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Fund may have to invest the proceeds in securities with lower yields.
- **Real Estate Related Securities Risks** —  
The main risk of real estate related securities is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include both the general and local economies, the amount of new construction in a particular area, the laws and regulations (including zoning and tax laws) affecting real estate and the costs of owning, maintaining and improving real estate. The availability of mortgages and changes in interest rates may also affect real estate values. If the Fund's real estate related investments are concentrated in one geographic area or in one property type, the Fund will be particularly subject to the risks

associated with that area or property type.

- **REIT Investment Risk** — Investments in REITs involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume, may engage in dilutive offerings of securities and may be more volatile than other securities. REIT issuers are also subject to the possibilities of failing to qualify for tax free pass-through of income and failing to maintain their exemptions from investment company registration.
- **Repurchase Agreements and Purchase and Sale Contracts Risks** — If the other party to a repurchase agreement or purchase and sale contract defaults on its obligation under the agreement, the Fund may suffer delays and incur costs or lose money in exercising its rights under the agreement. If the seller fails to repurchase the security in either situation and the market value of the security declines, the

Fund may lose money.

- **Risks of Loan Assignments and Participations** — As the purchaser of an assignment, the Fund typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the Fund may not be able unilaterally to enforce all rights and remedies under the loan and with regard to any associated collateral. Because assignments may be arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by the Fund as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. In addition, if the loan is foreclosed, the Fund could become part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. The Fund may be required to pass along to a

purchaser that buys a loan from the Fund by way of assignment a portion of any fees to which the Fund is entitled under the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the Fund will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

- **Second Lien Loans Risk** — Second lien loans generally are subject to similar risks as those associated with

investments in senior loans. Because second lien loans are subordinated or unsecured and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower.

- **Senior Loans Risk**  
—There is less readily available, reliable information about most senior loans than is the case for many other types of securities. An economic downturn generally leads to a higher non-payment rate, and a senior loan may lose significant value before a default occurs. Moreover, any specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. No active trading market may exist for certain senior loans, which may impair the ability of the

Fund to realize full value in the event of the need to sell a senior loan and which may make it difficult to value senior loans.

Although senior loans in which the Fund will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. To the extent that a senior loan is collateralized by stock in the borrower or its subsidiaries, such stock may lose all of its value in the event of the bankruptcy of the borrower.

Uncollateralized senior loans involve a greater risk of loss. The senior loans in which the Fund invests are usually rated below investment grade.

- **Small Cap and Emerging Growth Securities Risks** — Small cap or emerging growth companies may have limited product lines

or markets. They may be less financially secure than larger, more established companies. They may depend on a more limited management group than larger capitalized companies.

- **Sovereign Debt Risk** — Sovereign debt instruments are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies.
- **Structured Products Risk** — Holders of structured products bear risks of the underlying investments, index or reference obligation and are subject to counterparty risk. The Fund may have

the right to receive payments only from the structured product, and generally does not have direct rights against the issuer or the entity that sold the assets to be securitized. Certain structured products may be thinly traded or have a limited trading market. In addition to the general risks associated with debt securities discussed herein, structured products carry additional risks, including, but not limited to: the possibility that distributions from collateral securities will not be adequate to make interest or other payments; the quality of the collateral may decline in value or default; and the possibility that the structured products are subordinate to other classes.

- **Subsidiary Risk** — By investing in the Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary's investments. The commodity-related instruments held by the Subsidiary are generally similar to



those that are permitted to be held by the Fund and are subject to the same risks that apply to similar investments if held directly by the Fund. There can be no assurance that the investment objective of the Subsidiary will be achieved. The Subsidiary is not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and, unless otherwise noted in this prospectus, is not subject to all the investor protections of the Investment Company Act. However, the Fund wholly owns and controls the Subsidiary, and the Fund and the Subsidiary are both managed by BlackRock, making it unlikely that the Subsidiary will take action contrary to the interests of the Fund and its shareholders. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or the Subsidiary to operate as described in this prospectus and the Statement of

Additional Information and could adversely affect the Fund.

- **Supranational Entities Risk** — The Fund may invest in obligations issued or guaranteed by the International Bank for Reconstruction and Development (the World Bank). If one or more stockholders of the World Bank fail to make necessary additional capital contributions, the entity may be unable to pay interest or repay principal on its debt securities, and the Fund may lose money on such investments.
- **Tax and Regulatory Risk** — Certain aspects of the tax treatment of derivative instruments, including swap agreements and commodity-linked derivatives, are currently unclear and may be affected by changes in legislation, regulations or other legally binding authority that could affect the character, timing and amount of the Fund's taxable income or gains and distributions. Other future developments

may also impact the Fund's ability to invest or remain invested in certain derivatives.

- **Tender Option Bonds and Related Securities Risk** — Investments in tender option bonds, residual interest tender option bonds and inverse floaters expose the Fund to the same risks as investments in derivatives, as well as risks associated with leverage, described above, especially the risk of increased volatility. An investment in these securities may be subject to the risk of loss of principal. Residual interest tender option bonds and inverse floaters generally will underperform the market for fixed rate municipal securities in a rising interest rate environment.
- **Treasury Obligations Risk** — Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not

backed by the full faith and credit of the U.S. Government. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so.

- **U.S. Government Mortgage-Related Securities Risk** — There are a number of important differences among the agencies and instrumentalities of the U.S. Government that issue mortgage-related securities and among the securities that they issue. Mortgage-related securities guaranteed by the Government National Mortgage Association (“Ginnie Mae”) are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. Ginnie Mae securities also are supported by the right of Ginnie Mae to borrow funds from the U.S. Treasury to make payments under its guarantee. Mortgage-related securities issued by The Federal National

Mortgage Association (“Fannie Mae”) or The Federal Home Loan Mortgage Corporation (“Freddie Mac”) are solely the obligations of Fannie Mae or Freddie Mac, as the case may be, and are not backed by or entitled to the full faith and credit of the United States but are supported by the right of the issuer to borrow from the U.S. Treasury.

- **U.S. Government Obligations Risk** — Certain securities in which the Fund may invest, including securities issued by certain U.S. Government agencies and U.S. Government sponsored enterprises, are not guaranteed by the U.S. Government or supported by the full faith and credit of the United States.
- **Variable and Floating Rate Instrument Risk** — The absence of an active market for these securities could make it difficult for the Fund to dispose of them if the issuer defaults.
- **Zero Coupon Securities Risk** — While interest payments are not

made on such securities, holders of such securities are deemed to have received income (“phantom income”) annually, notwithstanding that cash may not be received currently. Some of these securities may be subject to substantially greater price fluctuations during periods of changing market interest rates than are comparable securities that pay interest currently. Longer term zero coupon bonds are more exposed to interest rate risk than shorter term zero coupon bonds.

You may lose part or all of your investment in the Fund or your investment may not perform as well as other similar investments.

### **Performance Information**

Because Real Return Fund has not commenced operations as of the date of this prospectus, it does not have performance information an investor would find useful in evaluating the risks of investing in the Fund. The Fund’s primary benchmarks are the Barclays U.S. Treasury

[Risk Lose Money \[Text\]](#)

rr\_RiskLoseMoney

[Bar Chart and Performance Table \[Heading\]](#)  
[Performance Narrative \[Text Block\]](#)

rr\_BarChartAndPerformanceTableHeading

rr\_PerformanceNarrativeTextBlock

[Performance  
One Year or  
Less \[Text\]](#)

rr\_PerformanceOneYearOrLess

Inflation Protected Securities Index and the Consumer Price Index. Because Real Return Fund has not commenced operations as of the date of this prospectus, it does not have performance information an investor would find useful in evaluating the risks of investing in the Fund.

BlackRock  
Multi-Asset  
Real Return  
Fund | Investor  
A Shares

**[Risk/Return:](#)** rr\_RiskReturnAbstract

[Maximum Sales](#)

[Charge \(Load\)](#)

[Imposed on](#)

[Purchases \(as](#)

[percentage of](#)

[offering price\)](#)

[Maximum](#)

[Deferred Sales](#)

[Charge \(Load\)](#)

[\(as percentage](#)

[of offering price](#)

[or redemption](#)

[proceeds,](#)

[whichever is](#)

[lower\)](#)

[Management](#)

[Fee](#)

[Distribution](#)

[and/or Service](#)

[\(12b-1\) Fees](#)

[Other Expenses](#)

[Acquired Fund](#)

[Fees and](#)

[Expenses](#)

[Total Annual](#)

[Fund Operating](#)

[Expenses](#)

rr\_MaximumSalesChargeImposedOnPurchasesOverOfferingPrice 5.25%

rr\_MaximumDeferredSalesChargeOverOfferingPrice none [1]

rr\_ManagementFeesOverAssets 0.60% [2]

rr\_DistributionAndService12b1FeesOverAssets 0.25%

rr\_OtherExpensesOverAssets 0.60% [3]

rr\_AcquiredFundFeesAndExpensesOverAssets 0.46% [4]

rr\_ExpensesOverAssets 1.91%

<a href="#">Fee Waivers and/or Expense Reimbursements</a>	rr_FeeWaiverOrReimbursementOverAssets	(0.40%)	[5]
<a href="#">Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements</a>	rr_NetExpensesOverAssets	1.51%	[5]
<a href="#">1 Year</a>	rr_ExpenseExampleYear01	671	
<a href="#">3 Years</a>	rr_ExpenseExampleYear03	1,057	
BlackRock Multi-Asset Real Return Fund   Investor C Shares			
<b><a href="#">Risk/Return:</a></b>	rr_RiskReturnAbstract		
<a href="#">Maximum Sales Charge (Load) Imposed on Purchases (as percentage of offering price)</a>	rr_MaximumSalesChargeImposedOnPurchasesOverOfferingPrice	none	
<a href="#">Maximum Deferred Sales Charge (Load) (as percentage of offering price or redemption proceeds, whichever is lower)</a>	rr_MaximumDeferredSalesChargeOverOfferingPrice	1.00%	[6]
<a href="#">Management Fee</a>	rr_ManagementFeesOverAssets	0.60%	[2]
<a href="#">Distribution and/or Service (12b-1) Fees</a>	rr_DistributionAndService12b1FeesOverAssets	1.00%	
<a href="#">Other Expenses</a>	rr_OtherExpensesOverAssets	0.60%	[3]
<a href="#">Acquired Fund Fees and Expenses</a>	rr_AcquiredFundFeesAndExpensesOverAssets	0.46%	[4]
<a href="#">Total Annual Fund Operating Expenses</a>	rr_ExpensesOverAssets	2.66%	
<a href="#">Fee Waivers and/or Expense Reimbursements</a>	rr_FeeWaiverOrReimbursementOverAssets	(0.40%)	[5]



<a href="#">Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements</a>	rr_NetExpensesOverAssets	2.26%	[5]
<a href="#">1 Year</a>	rr_ExpenseExampleYear01	329	
<a href="#">3 Years</a>	rr_ExpenseExampleYear03	789	
<a href="#">1 Year</a>	rr_ExpenseExampleNoRedemptionYear01	229	
<a href="#">3 Years</a>	rr_ExpenseExampleNoRedemptionYear03	789	
BlackRock Multi-Asset Real Return Fund   Institutional Shares			
<b><a href="#">Risk/Return:</a></b>	rr_RiskReturnAbstract		
<a href="#">Maximum Sales Charge (Load) Imposed on Purchases (as percentage of offering price)</a>	rr_MaximumSalesChargeImposedOnPurchasesOverOfferingPrice	none	
<a href="#">Maximum Deferred Sales Charge (Load) (as percentage of offering price or redemption proceeds, whichever is lower)</a>	rr_MaximumDeferredSalesChargeOverOfferingPrice	none	
<a href="#">Management Fee</a>	rr_ManagementFeesOverAssets	0.60%	[2]
<a href="#">Distribution and/or Service (12b-1) Fees</a>	rr_DistributionAndService12b1FeesOverAssets	none	
<a href="#">Other Expenses</a>	rr_OtherExpensesOverAssets	0.49%	[3]
<a href="#">Acquired Fund Fees and Expenses</a>	rr_AcquiredFundFeesAndExpensesOverAssets	0.46%	[4]
<a href="#">Total Annual Fund Operating Expenses</a>	rr_ExpensesOverAssets	1.55%	
<a href="#">Fee Waivers and/or Expense Reimbursements</a>	rr_FeeWaiverOrReimbursementOverAssets	(0.29%)	[5]

Total Annual  
Fund Operating  
Expenses After  
Fee Waivers  
and/or Expense  
Reimbursements

	rr_NetExpensesOverAssets	1.26%	[5]
<u>1 Year</u>	rr_ExpenseExampleYear01	128	
<u>3 Years</u>	rr_ExpenseExampleYear03	461	

[1] 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 at time of purchase as part of an investment of \$1,000,000 or more.

[2] The Management Fee payable by the Fund is based on assets estimated to be attributable to the Fund's direct investments in fixed-income and equity securities and instruments, including exchange-traded funds ("ETFs") advised by BlackRock or other investment advisers, other investments and cash and cash equivalents (including money market funds). BlackRock has contractually agreed to waive the Management Fee on assets estimated to be attributed to the Fund's investments in other equity, fixed-income and money market mutual funds managed by BlackRock or its affiliates (the "underlying funds").

[3] Other Expenses are based on estimated amounts for the current year.

[4] Acquired Fund Fees and Expenses are estimated for the current year.

[5] As described in the "Management of the Fund" section of the Fund's prospectus on pages 57-61, BlackRock has contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Dividend Expense, Interest Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) as a percentage of average daily net assets to 1.05% (for Investor A Shares), 1.80% (for Investor C Shares) and 0.80% (for Institutional Shares) through December 31, 2013. The Fund may have to repay some of these waivers and reimbursements to BlackRock in the following two years. The agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of the Trust or by a vote of a majority of the outstanding voting securities of the Fund.

[6] There is no CDSC on Investor C Shares after one year.

**Document and Entity  
Information**

**12 Months Ended  
Dec. 27, 2012**

**Risk/Return:**

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