

Energy Opportunities Fund

BlackRock®

Inst: **BACIX** A: **BACAX** C: **BACCX**

Commentary as of 09/30/24

- The fund posted returns of -3.37% (Institutional shares) and -3.42% (Investor A shares, without sales charge) for the third quarter of 2024.
- The fund underperformed its benchmark during the quarter. Energy shares came under pressure due to falling oil prices, with benchmarks Brent Crude and West Texas Intermediate both declining by about 17% during the quarter.
- Key themes that have shaped our investment decisions have included a bias toward higher-quality international oil producers and midstream distribution companies, and selective exposure to U.S. shale. Valuations appeared attractive, with energy companies expected to deliver high free cash flows.

Contributors	Detractors
Midstream pipeline companies, where the fund had a selectively overweight exposure, contributed to relative returns, given their lower sensitivity to oil price moves and expectations of a broad increase in U.S. power demand. Positions in Pembina Pipeline, TC Energy, Williams Companies, and Targa Resources all boosted performance. Market expectations of increased U.S. power demand also helped uranium supplier Cameco perform well.	Overweight positions in U.S. shale producers Diamondback Energy and Permian Resources detracted due to lower oil prices, while weaker refining margins pressured the Valero Energy and Marathon Petroleum stock prices. Integrated energy companies displayed greater resilience to the oil price moves, but, nevertheless, fell. An overweight exposure to Shell detracted, despite the company's ability to deliver capital back to shareholders. The holding in Saipem hampered performance as the stock fell with other oilfield service companies, despite results that included a share buyback.

Further insight

Economic growth remains energy intensive and the energy system remains carbon intensive. New oil production that is expected to come on line in 2024-25 is roughly equal to the forecast increase in demand, which has contributed to near-term oil price volatility. We expect inflation to remain "sticky" and we believe energy is an attractive hedge against higher inflation, while the duration of oil demand strength has been underestimated, in our view, and has not been reflected in energy company valuations. Meanwhile, many energy companies have committed to return cash to shareholders rather than maximize production.

★★★★ Morningstar Overall™

Institutional shares rated against 73 Equity Energy Funds, as of 9/30/24, based on risk-adjusted total return. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.^{††}

Portfolio management

Alastair Bishop, Mark Hume

Top 10 holdings (%)

ExxonMobil	20.81
Shell Plc	10.46
Totalenergies Se	7.41
ConocoPhillips	6.29
Williams Companies Inc	4.07
Canadian Natural Resources Ltd	4.03
Chevron	3.90
EOG Resources	3.87
Targa Resources Corp	3.66
Cheniere Energy Inc	3.47

Investment approach

Invests primarily in securities of global energy companies and companies in associated businesses, in all capitalization ranges.

Average annual total returns (%) as of 9/30/24

	3Q24 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional	-3.37	6.00	1.00	18.66	11.01	1.27
Investor A (Without Sales Charge)	-3.42	5.68	0.60	18.17	10.57	0.86
Investor A (With Sales Charge)	-8.49	0.13	-4.68	16.07	9.38	0.32
Morningstar Equity Energy Category Avg.	-2.71	3.57	0.53	15.04	11.39	-1.67
MSCI World Energy¹	-2.41	5.68	1.36	18.24	9.79	2.28

Expenses for Institutional shares: Total **1.07%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.91%**. For Investor A shares: Total **1.36%**; Net, Including Investment Related Expenses **1.32%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2026 terminable upon 90 days' notice. For certain share classes, BlackRock may voluntarily agree to waive certain fees and expenses in which the adviser may discontinue at any time without notice. Expenses stated as of the fund's most recent prospectus. Data represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All returns assume reinvestment of dividends and capital gains. Current performance may be lower or higher than that shown. Refer to [blackrock.com](https://www.blackrock.com) for most recent month-end performance. Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Share classes have different sales charges, fees and other features. Returns with sales charge reflect deduction of current maximum initial sales charge of 5.25% for Investor A shares. Institutional shares have no front- or back-end load. Institutional shares have limited availability and may be purchased at various minimums. See prospectus for details. Net Expenses Excluding Investment Related Expenses for Institutional shares: **0.91%**; for Investor A shares: **1.32%**.

Important Risks: The fund is actively managed and its characteristics will vary. Holdings shown should not be deemed as a recommendation to buy or sell securities. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. Investing in small-cap companies may entail greater risk than large-cap companies, due to shorter operating histories, less seasoned management or lower trading volumes. Investing in mid-cap companies may entail greater risk than large-cap companies, due to shorter operating histories, less seasoned management or lower trading volumes. International investing involves special risks including, but not limited to political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. The fund may use derivatives to hedge its investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility. Investments in natural resources industries can be affected by variations in commodities markets, weather, disease, embargoes, political and economic developments, taxes and other government regulations.

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

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

¹ The MSCI World Energy Index captures large- and mid-cap energy markets of developed countries. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The fund was rated against the following numbers of U.S.-domiciled Equity Energy funds over the following time periods: 73 in the last 3 years, 71 in the last 5 years and 64 in the last 10 years. With respect to these Equity Energy funds, the fund received a Morningstar Rating of 4, 5 and 4 stars for the 3-, 5- and 10-year periods, respectively. Other classes may have different performance characteristics.

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

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10/24 — Energy Opportunities Fund

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