

Tactical Opportunities Fund

Inst: **PBAIX** A: **PCBAX** C: **BRBCX** K: **PBAKX**

Commentary as of 06/30/24

- The fund posted returns of 0.35% (Institutional shares) and 0.28% (Investor A shares, without sales charge) for the second quarter of 2024 while the BofA ML 3-Month T-Bill returned 1.32%.
- The fund's positive relative performance was driven by a directional long position in equities and a directional short exposure to bonds, as well as relative-value positioning in equity countries.
- The fund was positioned long on equities in the United States and Europe, and short on fixed income (primarily in the United States and Japan). It held long equity exposures to Italy, Japan, and Taiwan versus short positions in Korea, Australia, and France. The fund had a long position in German government bonds versus a short exposure to U.S. Treasuries.

Contributors	Detractors
Short duration (interest rate sensitivity) positions in the United States, Germany, and Japan contributed due to robust global activity data, particularly in April. Currency positioning, notably a short exposure to the U.S. dollar versus a long position in the Australian dollar, was beneficial due to weaker growth and labor data in the United States, which caused the U.S. dollar to weaken. Contributions from relative-value equity positioning were driven by a long position in Taiwan versus short exposures to France and Korea. A long position in U.S. large-cap equities was also beneficial.	The fund's relative-value bond positioning detracted from returns, driven by long positions in Mexico and Brazil versus short exposures to Thailand and South Africa. Elections in South Africa and Mexico resulted in bond moves that detracted from returns. In developed markets, a long position in German bonds versus short exposures to Canadian bonds and U.S. Treasuries was also unhelpful.

Further insight

The early part of 2024 provided a rich opportunity set for macroeconomic investors as data unfolded in a manner that was clearly different to the pessimistic growth outlook priced into markets. The fund positioned for a global reflation and a broadening of the U.S. growth impulse to Europe through long equity and short duration positioning. We took some profits on long equity and short duration positions, accounting for more appropriate market pricing of accelerating global growth. Given the likelihood of greater volatility around elections, we have slightly reduced directional risk and have continued to seek relative-value opportunities across equities, sovereign bonds, and foreign exchange. The fiscal backdrop in the United States continues to deteriorate. We still believe that policymakers will ultimately prioritize sustaining fiscal activism over returning inflation to target, which should be a tailwind to our broadly reflationary positioning, and challenging for the U.S. dollar.

★★★★ Morningstar Overall™

Institutional shares rated against 53 Macro Trading Funds, as of 6/30/24, 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

Philip Green, Thomas Becker, Michael Pensky, Richard Murrall

Top 10 holdings (%)

Microsoft	5.62
Apple	4.68
Nvidia Corp	4.60
Amazon	3.07
Alphabet Inc Class A	2.05
Meta Platforms Inc Class A	1.90
Alphabet	1.56
Eli Lilly	1.47
Procter & Gamble	1.25
Mastercard	1.11

Investment approach

Invests across stocks, bonds and money markets, incorporating a volatility control process that seeks to reduce risk when market volatility is expected to increase.

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

	2Q24 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional	0.35	7.45	8.25	5.71	5.05	3.78
Investor A (Without Sales Charge)	0.28	7.32	7.96	5.40	4.75	3.48
Investor A (With Sales Charge)	-4.98	1.68	2.29	3.53	3.62	2.92
BofA ML 3-Month T-Bill¹	1.32	2.63	5.40	3.03	2.16	1.51

The fund's annual total returns prior to July 1, 2016 reflect a different investment strategy.

Expenses for Institutional shares: Total **0.85%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.85%**. For Investor A shares: Total **1.14%**; Net, Including Investment Related Expenses **1.14%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2025 terminable upon 90 days' notice. For certain share classes, BlackRock may voluntarily agree to waive certain fees and expenses in which the adviser may discontinue at any time without notice. Expenses stated as of the fund's most recent prospectus. Data represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All returns assume reinvestment of dividends and capital gains. Current performance may be lower or higher than that shown. Refer to blackrock.com for most recent month-end performance. Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Share classes have different sales charges, fees and other features. Returns with sales charge reflect deduction of current maximum initial sales charge of 5.25% for Investor A shares. Institutional shares have no front- or back-end load. Institutional shares have limited availability and may be purchased at various minimums. See prospectus for details. Net Expenses Excluding Investment Related Expenses for Institutional shares: **0.84%**; for Investor A shares: **1.13%**.

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. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. 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. Asset allocation strategies do not assure profit and do not protect against loss. The fund may use derivatives to hedge its investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility.

The opinions expressed are those of the fund's portfolio management team as of June 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 BofA Merrill Lynch 3-Month U.S. Treasury Bill Index measures the performance of U.S. Treasury securities maturing in 90 days assuming reinvestment of income. ² The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The fund was rated against the following numbers of U.S.-domiciled Macro Trading funds over the following time periods: 53 in the last 3 years, 46 in the last 5 years and 31 in the last 10 years. With respect to these Macro Trading funds, the fund received a Morningstar Rating of 4, 3 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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