

Global Long/Short Credit Fund

BlackRock®

Inst: **BGCIX** A: **BGCAX** C: **BGCCX** K: **BDMKX**

Commentary as of 03/31/24

- The fund posted returns of 2.14% (Institutional shares) and 2.13% (Investor A shares, without sales charge) for the first quarter of 2024.
- From a regional perspective, the United States was the largest contributor to returns, followed by Europe. Absolute return strategies led performance, with traditional and carry strategies also accretive. Detractors were limited, though hedging strategies were slightly negative.
- The fund's overall allocations to its four primary strategies – absolute return, traditional, carry, and hedge – remained relatively stable throughout the quarter. The fund remained positioned with a heavier allocation to the absolute strategies.

Contributors	Detractors
<p>The U.S. absolute return strategies led performance, driven by idiosyncratic long positions in the technology, telecommunications, and satellite sectors. U.S. event-driven trades also contributed, with telecommunications and aerospace names benefiting performance. In Europe, the absolute and traditional strategies were meaningfully accretive to returns, including real estate-related trades. Across both the United States and Europe, carry strategies contributed, driven by exposures to bank loans, equipment trust certificates, and commercial mortgage-backed securities.</p>	<p>Detractors were limited during the quarter, though hedging strategies across both the United States and Europe hindered returns.</p>

Further insight

With continued macroeconomic policy uncertainty and persistent market dispersion and volatility, the fund remains positioned with a heavier focus on absolute trades. We view the investment landscape as having room for continued volatility as the Federal Reserve and other global central banks ponder the timing of when to pivot from a pause to an environment where they begin to cut interest rates. As such, we continued to keep exposures more focused on idiosyncratic and high-conviction trades, while also looking to capitalize on relative-value opportunities as dispersion remained elevated.

Portfolio management

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Top 5 long positions (%)

Verizon	2.44
FRONTIER COMMUNICATIONS PARENT INC	2.31
Bank of America	2.30
BRITISH AIRWAYS PASS THROUGH TRUST_22-1	2.06
CALLON PETROLEUM COMPANY	2.00

Top 5 short positions (%)

ITRAXX.EUR.41.V1	-5.85
CASH & EQUIVALENTS	-4.03
ITRAXX.XO.41.V1	-3.26
Southwest Airlines	-2.41
CDX.NA.HY.41.V2	-1.28

Investment approach

The fund takes long and short positions in a diversified mix of global credit securities, seeking to mitigate volatility and minimize interest rate risk.

Average annual total returns (%) as of 3/31/24

	1Q24 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional	2.14	2.14	9.75	1.28	2.89	2.10
Investor A (Without Sales Charge)	2.13	2.13	9.59	1.03	2.64	1.83
Investor A (With Sales Charge)	-1.95	-1.95	5.20	-0.33	1.81	1.42
BofA ML 3-Month T-Bill¹	1.29	1.29	5.24	2.58	2.02	1.38

Expenses for Institutional shares: Total **1.50%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **1.18%**. For Investor A shares: Total **1.77%**; Net, Including Investment Related Expenses **1.41%**. 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: **1.17%**; for Investor A shares: **1.40%**.

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. 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. Short-selling entails special risks. If the fund makes short sales in securities that increase in value, the fund will lose value. Any loss on short positions may or may not be offset by investing short-sale proceeds in other investments. Investing in alternative strategies such as a long/short strategy, presents the opportunity for losses which exceed the principal amount invested. 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. Investing in long/short strategies presents the opportunity for significant losses, including the loss of your total investment. Such strategies have the potential for heightened volatility and in general, are not suitable for all investors.

The opinions expressed are those of the fund's portfolio management team as of March 31, 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.

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1 The BofA Merrill Lynch 3-Month U.S. Treasury Bill Index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

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