

Health Sciences Opportunities Fund

BlackRock®

Inst: **SHSSX** A: **SHSAX** C: **SHSCX** R: **BHSRX¹** K: **SHSKK**

Commentary as of 12/31/23

- The fund posted returns of 5.86% (Institutional shares) and 5.79% (Investor A shares, without sales charge) for the fourth quarter of 2023.
- The fund underperformed its benchmark during the quarter, driven by security selection in the medical devices industry.
- The health care sector continued to be underpinned by long-term, secular growth drivers, and we saw powerful diversification characteristics given the sector's durable demand. The fund had overweight positions in the biotechnology and health care providers & services industries, and underweight allocations to the pharmaceuticals and medical devices & supplies industries.

Contributors	Detractors
Security selection in the pharmaceuticals industry was the largest contributor to relative returns. At an individual stock level, an underweight position in Bristol-Myers Squibb was the largest contributor to relative performance. The pharmaceutical company reported disappointing earnings, highlighting weaker demand for certain key product launches. An underweight position in Pfizer was also a top contributor, as the company lowered guidance for 2024, highlighting continued weakness in its COVID-19-linked products.	Security selection in the biotechnology industry detracted from relative returns. At an individual stock level, an off-benchmark position in ArgenX was the largest detractor as the biotechnology company reported disappointing clinical trial results for its primary immune thrombocytopenia drug, Vyvgart Hytrulo. An overweight position in Sarepta Therapeutics was another top detractor, after the company reported negative clinical trial results for its Duchenne muscular dystrophy drug, ELEVIDYS.

Further insight

During the quarter, we decreased the fund's exposure to the pharmaceuticals industry as we took profits on select companies that saw strong performance in 2023. We increased the allocation to the health care providers & services industry, adding to companies with robust long-term businesses.

★★★★★ Morningstar Overall™

Institutional shares rated against 158 Health Funds, as of 12/31/23, 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.^{1†}

Portfolio management

Erin Xie, PhD

Top 10 holdings (%)

UnitedHealth Group	9.22
Eli Lilly and Company	8.09
Abbvie Inc	4.51
Boston Scientific	4.46
Merck	4.31
Amgen	3.73
Abbott Laboratories	3.55
Danaher Corporation	3.10
Stryker Corporation	2.50
Intuitive Surgical	2.48

Investment approach

Invests at least 80% of total assets in securities of companies in health sciences and related industries. The fund will concentrate its investments (i.e., invest more than 25% of its assets) in health sciences or related industries, and may invest in companies in non-U.S. countries.

Average annual total returns (%) as of 12/31/23

	4Q23 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional¹	5.86	3.84	3.84	3.15	10.56	11.73
Investor A (Without Sales Charge)	5.79	3.57	3.57	2.89	10.27	11.43
Investor A (With Sales Charge)	0.24	-1.87	-1.87	1.06	9.09	10.83
S&P 500²	11.69	26.29	26.29	10.00	15.69	12.03
Russell 3000 Health Care³	6.96	2.87	2.87	4.63	10.79	10.92

Expenses for Institutional shares: Total **0.84%**. For Investor A shares: Total **1.09%**. 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. Current performance may be lower or higher than that shown. All returns assume reinvestment of dividends and capital gains. Refer to www.blackrock.com for current 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.

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. Performance may be attributable to unusually high IPO profits. There is no guarantee this level of performance will be repeated. IPO securities have no trading history and the price may be volatile. Investments in health services industries may be affected by changes in regulations, advancing technological developments and product liability lawsuits.

The opinions expressed are those of the fund's portfolio management team as of December 31, 2023, 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 Class R shares are sold to a limited group of investors, including certain retirement plans. See prospectus for details. **2** The S&P 500 Index comprises large-capitalization U.S. equities. The unmanaged index represents about 75% of NYSE market capitalization and 30% of NYSE issues. **3** The Russell 3000 Health Care Index is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. **4** 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 Health funds over the following time periods: 158 in the last 3 years, 135 in the last 5 years and 113 in the last 10 years. With respect to these Health funds, the fund received a Morningstar Rating of 4, 4 and 5 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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