

New York Municipal Opportunities Fund

BlackRock

Inst: **MANKX** A: **MENKX** C: **MFNKX** K: **MKNKX**

Commentary as of 12/31/23

- The fund posted returns of 8.13% (Institutional shares) and 8.06% (Investor A shares, without sales charge) for the fourth quarter of 2023.
- The fund modestly outperformed its benchmark during the quarter. A long maturity and long municipal duration exposure (high interest rate sensitivity) was the main source of positive performance during a quarter in which municipal interest rates fell dramatically.
- The fund started the quarter with a duration exposure that was slightly above that of the benchmark and ended with an in-line position. The fund retained an overweight allocation to municipal bonds with maturities in a 15–25-year range and an underweight exposure to maturities in a 5–12-year range. We maintained an overweight exposure to municipal bonds rated A and below and an underweight allocation to those with a credit quality of AA and higher.

| Contributors | Detractors |
|---|--|
| The fund's long municipal maturity and long municipal duration exposure contributed as municipal interest rates fell dramatically. The strongest returns in the municipal market were from the longest maturity areas of the yield curve. The fund had an overweight position in bonds with maturities in a 15–25-year range. Non-investment grade and lower-rated investment grade bonds performed best during the quarter as credit spreads compressed. The fund had an overweight exposure to lower-rated investment grade and non-investment grade bonds. | The fund's interest rate hedges (via short U.S. Treasury futures positioning) detracted from performance as interest rates rallied significantly. Cash holdings negatively impacted relative returns given the rally in municipal rates. The fund also experienced a negative contribution from security selection in the education services sector. |

Further insight

Tax-exempt bond yields decreased at a historical pace during the quarter (over 100 basis points for the 10-year part of the yield curve), producing very large positive returns. New York-specific tax-exempt bonds outperformed the broader index by a large degree. Tax-exempt bonds also outperformed U.S. Treasury bonds. New York municipal new issuance was robust and diverse, which led the fund to participate in several opportunities. The new investments were generally further along the municipal yield curve, with 5% or larger coupons and solid call protection. The fund continues to prioritize improved call protection to generate durable yield. Given the large rally and strong municipal performance, valuations were stretched at quarter-end.

★★★★ Morningstar Overall™

Institutional shares rated against 81 Muni New York Long 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

Peter Hayes, Michael Kalinoski, Ryan McDonald, Kevin Maloney, Christian Romaglino

Top 10 holdings (%)

| | |
|--|------|
| Triborough Brdg & Tunl Auth N 5.25 05/15/2052 | 2.12 |
| Utility Debt Securitization Au 5 12/15/2040 | 1.59 |
| Tob 5 44420rbc3 Huygen 144a | 1.53 |
| Liberty N Y Dev Corp Rev 5.25 10/01/2035 | 1.41 |
| New York N Y City Mun Wtr Fin 4 06/15/2045 | 1.36 |
| New York N Y City Transitional 5 05/01/2040 | 1.33 |
| New York St Pwr Auth Green Tra 4 11/15/2047 | 1.19 |
| Tob 5 64972gc28 Nycutl 144a | 1.14 |
| New York Liberty Dev Corp Libe 2.75 11/15/2041 | 1.14 |
| Utility Debt Securitization Au 5 12/15/2038 | 1.12 |

Investment approach

*Invests in New York municipal bonds through a flexible investment approach seeking to manage interest rate risk and credit risk while provide a compelling combination of attractive tax-advantaged income, returns and meaningful downside protection.

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

| | 4Q23 (not annualized) | YTD (not annualized) | 1 Year | 3 Year | 5 Years | 10 Years |
|---|--------------------------|-------------------------|--------|--------|---------|----------|
| Institutional | 8.13 | 6.83 | 6.83 | 1.09 | 2.08 | 3.72 |
| Investor A (Without Sales Charge) | 8.06 | 6.66 | 6.66 | 0.84 | 1.83 | 3.48 |
| Investor A (With Sales Charge) | 3.46 | 2.13 | 2.13 | -0.61 | 0.95 | 3.03 |
| BBG Municipal Bond¹ | 7.18 | 6.03 | 6.03 | -0.26 | 2.24 | 3.06 |
| BBG Custom New York Municipal Bond² | 8.99 | 7.77 | 7.77 | -0.36 | 2.37 | 3.40 |

Expenses for Institutional shares: Total **0.82%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.72%**. For Investor A shares: Total **1.06%**; Net, Including Investment Related Expenses **0.97%**. 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](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 4.25% 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: **0.50%**; for Investor A shares: **0.75%**.

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. 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. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. 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. There may be less information on the financial condition of municipal issuers than public corporations. The market for municipal bonds may be less liquid than taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions are taxable. Concentrating in a single state is subject to greater risk of adverse economic conditions and regulatory changes.

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 The BBG Municipal Bond Index measures the U.S. municipal market performance of bonds issued by states or municipalities. All bonds in the index are exempt from U.S. federal income taxes or subject to the alternative minimum tax. **2** The BBG Custom New York Municipal Bond Index measures the performance of municipal bonds issued in New York and are exempt from federal income and alternative minimum tax. The state level municipal bond indices consist of bonds that have been issued by municipalities or municipal authorities within the 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands.[†] 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 Muni New York Long funds over the following time periods: 81 in the last 3 years, 75 in the last 5 years and 63 in the last 10 years. With respect to these Muni New York Long funds, the fund received a Morningstar Rating of 5, 4 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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