

Strategic Income Opportunities Fund

BlackRock®

Inst: **BSIIX** A: **BASIX** C: **BSICX** K: **BSIKX**

Commentary as of 03/31/24

- The fund posted returns of 0.89% (Institutional shares) and 0.83% (Investor A shares, without sales charge) for the first quarter of 2024.
- Structured products, European credit, and macroeconomic strategies were the primary contributors to the fund's performance. U.S. and non-U.S. rates detracted from returns.
- We trimmed top-line duration (interest rate sensitivity) during the quarter. The bulk of the fund's exposure remained in the "belly" of the yield curve given its attractive price appreciation potential, particularly from curve steepening. The fund continued to hold a higher-quality bias across spread assets and we opportunistically added to the emerging market debt allocation.

| Contributors | Detractors |
|---|--|
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Further insight

We tactically trimmed top-line duration, favoring the belly of the yield curve for its price appreciation potential, while we were hesitant to extend long-end duration. From a spread duration perspective, we selectively reduced global investment grade credit and continued to prefer European credit over the United States given attractive U.S. dollar-swapped yields. We tactically traded agency mortgage-backed security exposure amid elevated rate volatility and relative-value opportunities, and continued to favor higher-quality securitized assets for their attractive "carry". Lastly, we remain cautious on U.S. high yield credit and tactical with our long emerging market debt and European government debt positions.

★★★★ Morningstar Overall™

Institutional shares rated against 278 Nontraditional Bond Funds, as of 3/31/24, 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.¹

Portfolio management

Rick Rieder, Russell Brownback, David Rogal

Top 10 holdings (%)

| | |
|------------------------|-------|
| Uniform Mbs | 15.00 |
| United States Treasury | 2.89 |
| Spain | 1.91 |
| Colombia | 1.00 |
| India (republic Of) | 0.95 |
| FHLM | 0.84 |
| Ubs Group Ag | 0.67 |
| Mexico | 0.67 |
| Indonesia | 0.67 |
| Japan (government Of) | 0.65 |

Investment approach

Employs a flexible investment approach across fixed income sectors without constraints on maturity, sector, quality or geography. The team actively manages the two main risks in fixed income, interest rate and credit risk, to provide a compelling combination of income, low volatility and attractive returns.

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

| | 1Q24 (not annualized) | YTD (not annualized) | 1 Year | 3 Year | 5 Years | 10 Years |
|--|--------------------------|-------------------------|--------|--------|---------|----------|
| Institutional | 0.89 | 0.89 | 6.49 | 0.92 | 3.05 | 2.74 |
| Investor A (Without Sales Charge) | 0.83 | 0.83 | 6.33 | 0.68 | 2.76 | 2.45 |
| Investor A (With Sales Charge) | -3.21 | -3.21 | 2.08 | -0.68 | 1.93 | 2.03 |
| Morningstar Nontraditional Bond Category Avg. | 1.62 | 1.62 | 6.95 | 0.96 | 2.36 | 2.21 |
| U.S. Universal¹ | -0.47 | -0.47 | 2.67 | -2.11 | 0.69 | 1.83 |
| BofA ML 3-Month T-Bill² | 1.29 | 1.29 | 5.24 | 2.58 | 2.02 | 1.38 |

Expenses for Institutional shares: Total **0.71%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.71%**. For Investor A shares: Total **0.99%**; Net, Including Investment Related Expenses **0.99%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2024 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% 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: **0.61%**; for Investor A shares: **0.89%**.

Important Risks: The fund is actively managed and its characteristics will vary. 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. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of U.S. gov't agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. gov't. 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. 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. 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. 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.

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.

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

1 U.S. Universal Index comprises the global bond market. **2** 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.* 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 Nontraditional Bond funds over the following time periods: 278 in the last 3 years, 250 in the last 5 years and 161 in the last 10 years. With respect to these Nontraditional Bond funds, the fund received a Morningstar Rating of 3, 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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