

NEW YORK MUNICIPAL OPPORTUNITIES FUND

BLACKROCK®

1Q 2019
COMMENTARY

Inst: MANKX • A: MENKX • C: MFNKX

- ▶ The fund posted returns of 2.79% (Institutional shares) and 2.73% (Investor A shares, without sales charge) for the first quarter of 2019.
- ▶ All share classes outperformed in the first quarter of the year. The largest contributor driver of outperformance was the fund's exposure to municipal duration (sensitivity to interest rates), which was beneficial as municipal interest rates fell, decreasing more than U.S. Treasury rates.
- ▶ The fund remained overweight in 15-year and longer-dated securities, while being underweight in shorter bonds. The fund also maintained its overweight in bonds rated A rated and lower. The 10-year area and the longer areas of the municipal yield curve outperformed during the quarter.

Contributors	Detractors
The fund's municipal duration exposure was the largest contributor to performance, as municipal rates rallied sharply across the curve (the 10-year and longer areas performed the best). Importantly, municipal rates decreased more than U.S. Treasury rates, with long-dated municipals performing the best on a relative basis. The fund also benefited from its credit exposure, as spreads generally tightened; New York municipal bonds performed particularly well on a relative basis.	As interest rates rallied, the fund's interest rate hedges (expressed via short U.S. Treasury futures) detracted the most. Additionally, holdings of cash equivalents detracted, as other positions generated much stronger returns.

Further Insight

Municipal bonds performed exceptionally well in the first quarter of 2019, with the yield curve flattening and credit spreads tightening. This strong performance can be attributed to moderate new-issue supply coupled with sensational demand (in terms of mutual fund inflows). The high demand for mutual funds may be linked to recent changes in tax law. New York municipal bonds performed particularly well, because New York new-issue supply moderated from robust levels, and demand for New York-exempt securities increased. As a result of longer-end outperformance on both an absolute and relative basis, as well as tighter credit spreads, the fund has been adding shorter-maturity holdings. We have also added other defensively structured positions, including the housing sector.

*Employs a flexible investment approach to investing in New York municipal bonds and seeks to offer attractive tax-advantaged income while navigating diverse interest rate environments.

Overall Morningstar Rating®: Institutional



Rated against 48 Muni New York Intermediate Funds, as of 3/31/19, 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

Peter Hayes, Theodore Jaeckel, James Pruskowski, Michael Kalinoski

TOP 10 HOLDINGS

(% of Net Assets as of 3/31/19)

1. Hudson Yds Infrastructure Corp 5 02/15/2042	2.4
2. New York N Y City Mun Wtr Fin 5 06/15/2040	2.1
3. Mta Hudson Rail Yards Tr Oblig 5 11/15/2046	1.6
4. Triborough Brdg & Tunnl Auth Ny 5 11/15/2043	1.5
5. New York Transn Dev Corp Spl F 5 07/01/2046	1.4
6. Tob 5 64990agm1 Nyshgr 144a	1.4
7. New York N Y City Transitional 5 07/15/2037	1.4
8. Metropolitan Transn Auth N Y R 5 11/15/2044	1.3
9. Met Transprtn Auth Ny Dedicatd Ta 5 11/15/2036	1.2
10. New York N Y City Transitional 5 08/01/2040	1.2

% AVERAGE ANNUAL TOTAL RETURNS AS OF 3/31/19

	1Q19 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception ¹
Institutional	2.79	2.79	4.24	3.62	4.98	5.87	5.35
Investor A (Without Sales Charge) ²	2.73	2.73	3.98	3.39	4.72	5.60	5.09
Investor A (With Sales Charge) ²	-1.63	-1.63	-0.43	1.91	3.81	5.14	4.94
Morningstar Muni New York Intermediate Category Avg.	2.54	2.54	4.24	1.78	2.77	3.77	—
S&P Municipal Bond ³	2.76	2.76	5.12	2.72	3.73	4.94	—
S&P Custom New York Municipal Bond ⁴	3.39	3.39	5.62	2.91	4.36	—	—

Expenses for Institutional shares: Total 0.75%; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) 0.64%. For Investor A shares: Total 0.97%; Net, Including Investment Related Expenses 0.89%. Institutional and Investor A shares have contractual waivers with an end date of 10/31/19 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 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 March 31, 2019, 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. Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass. This material does not constitute investment advice and is not intended as an endorsement of any specific investment. Investment involves risk. Reliance upon information in this material is at the sole discretion of the reader.

1 Fund inception: 11/1/85. **2** The performance information for periods prior to the inception date (10/2/06) of Investor A shares is based on the fund's Institutional shares, adjusted to reflect the fees and expenses applicable to such share class. See the fund prospectus for more details. **3** The Standard & Poor's 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. **4** The Standard & Poor's 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 Intermediate funds over the following time periods: 48 in the last 3 years, 46 in the last 5 years and 38 in the last 10 years. With respect to these Muni New York Intermediate funds, the fund received a Morningstar Rating of 5, 5 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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04/19 — New York Municipal Opportunities Fund

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