

# Systematic Multi-Strategy Fund

# BlackRock®

Inst: **BIMBX** A: **BAMBX** C: **BMBCX**

## Commentary as of 09/30/21

- The fund posted returns of -0.76% (Institutional shares) and -0.86% (Investor A shares, without sales charge) for the third quarter of 2021.
- The Defensive Equity strategy was the main driver of underperformance relative to the benchmark, while the Directional Asset Allocation (DAA) and Macro strategies were positive in the quarter.
- The fund highlighted its ability to perform across different market environments during the third quarter, participating in the “risk-on” rally in July and August but selling off less significantly than the market (despite the sharp reversal) in September.

### Contributors

The DAA and Macro strategies were positive. The DAA strategy provided upside participation during the “risk-on” months of July and August, driven by consistently positive performance from “carry” and securitized credit.

### Detractors

Defensive Equity was the only strategy to contribute negatively, as the rotation into lower-quality names late in the quarter hurt the fund’s credit-focused positioning. September was a particularly challenging month, with all three strategies producing negative returns for only the fourth time since its inception.

## Further insight

While the market rallied in July and August, September was characterized by a reversal, with both fixed income and equities selling off. Interest rates increased following the Federal Reserve’s announcement that it would soon begin “tapering” its asset purchases, and so the fund’s duration exposure (sensitivity to interest rates) weighed on the DAA strategy’s gains. Defensive Equity typically delivers well in down markets, but September witnessed a market rotation that saw the higher-quality names we favor hit harder than their lower-quality peers. This type of market, where macroeconomic correlations break down and low-quality names rally, is when the fund struggles. However, we are comforted in knowing that this environment is unusual and typically short-lived.

## ★★★★★ Morningstar Overall™

Institutional shares rated against 127 Multistrategy Funds, as of 9/30/21, 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.<sup>††</sup>

## Portfolio management

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Jeff Rosenberg

## Investment approach

Seeks total return, comprised of current income and capital appreciation, by investing in a range of global asset classes, with a focus on fixed and floating rate debt securities and equity securities.

## Average annual total returns (%) as of 9/30/21

	3Q21 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception <sup>1</sup>
<b>Institutional</b>	-0.76	3.27	2.50	5.39	5.22	—	4.53
<b>Investor A (Without Sales Charge)</b>	-0.86	2.97	2.20	5.12	4.95	—	4.27
<b>Investor A (With Sales Charge)</b>	-4.82	-1.15	-1.89	3.70	4.10	—	3.61
<b>Morningstar Multistrategy Category Avg.</b>	-0.29	5.26	9.66	3.63	3.06	3.22	—
<b>BofA ML 3-Month T-Bill<sup>2</sup></b>	0.01	0.04	0.07	1.18	1.16	0.63	—

The Fund's returns prior to September 17, 2018 are the returns of a predecessor fund that reorganized into the Fund on September 17, 2018. Expenses for Institutional shares: Total **1.31%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.97%**. For Investor A shares: Total **1.62%**; Net, Including Investment Related Expenses **1.22%**. Institutional and Investor A shares have contractual waivers with an end date of 04/30/2021 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](http://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 4.0% 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: **0.95%**; for Investor A shares: **1.20%**.

**Important Risks:** The fund is actively managed and its characteristics will vary. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. 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. 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 US gov. agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the US gov. 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. Investments in emerging markets may be considered speculative and are more likely to experience hyperinflation and currency devaluations, which adversely affect returns. In addition, many emerging securities markets have lower trading volumes and less liquidity. 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.

The opinions expressed are those of the fund's portfolio management team as of September 30, 2021, 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.

<sup>1</sup> Inception: 5/19/15. <sup>2</sup> The Bank of America (BoFA) Merrill Lynch (ML) 3-month Treasury Bill Index tracks the performance of U.S. government securities with 90-day maturities. <sup>3</sup> 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 Multistrategy funds over the following time periods: 127 in the last 3 years and 101 in the last 5 years. With respect to these Multistrategy funds, the fund received a Morningstar Rating of 4 and 5 stars for the 3- and 5-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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