Capital Appreciation V.I. Fund

BlackRock

Class I: **FDGRI** Class III: **FGIII**

Commentary as of 09/30/26

- The fund posted a return of 2.16% (Class I shares) for the third quarter of 2026.
- The largest contributors to relative returns were stock selection in the information technology (IT) and consumer discretionary sector, and positioning in the energy sector. The largest detractor was positioning in the industrials and financials sectors, along with stock selection in the communication services sector.
- The largest exposures were in the IT, communication services, and industrials sectors. During the quarter, the fund increased its allocations to the financials, IT, and materials sectors, and reduced its exposures to the industrials, consumer discretionary, and real estate sectors.

Contributors	Detractors
Stock selection in the IT sector was the largest contributor to relative performance. This was driven by differentiated positioning across the semiconductors & semiconductor equipment, software, and IT services industries amid pronounced dispersion around artificial intelligence (AI). Stock selection in the consumer discretionary sector added value, aided by an overweight position in an online retailer that benefited from stronger cloud earnings and an underweight exposure to an electric vehicle producer, which faced spending pressures. An overweight allocation to the energy sector contributed, supported by higher oil prices and an oil producer's increased production outlook and capital efficiency.	The largest detractor was an overweight position in the industrials sector. Holdings in the aerospace & defense and machinery industries performed weakly as valuations declined and concerns about tariffs and inventory normalization weighed on sentiment. In the financials sector, an underweight exposure to the financial services industry detracted amid resilient consumer spending and strong transaction volumes. Stock selection in the communication services sector was unhelpful as elevated growth expectations and softer guidance pressured performance. Elsewhere, holdings in the IT sector detracted amid significant capital requirements, execution risks, margin pressures, and heightened investor expectations.

Further insight

We remain constructive on U.S. equities, supported by resilient fundamentals and strong earnings growth, despite near-term pressures from higher interest rates, energy prices, and policy uncertainty. Our focus remains on identifying companies with differentiated, durable earnings growth. We believe AI opportunities are expanding beyond infrastructure investment toward broader adoption, productivity improvements, and new revenue opportunities. Beyond AI, we see attractive opportunities in power and grid infrastructure, connectivity, critical commodities, and senior housing, where supply constraints and structural demand support long-term growth. We believe broadening market leadership and increasing dispersion should create favorable opportunities for active stock selection.

Portfolio management

Reid Menge, Sally Du, CFA

Top 10 holdings (%)

Nvidia Corp	13.09
Microsoft	5.00
Apple	4.92
Alphabet Class A	4.82
Amazon.com	4.25
Miron Technology	3.72
Snowflake	3.58
Alphabet Class C	3.40
Palo Alto Networks	3.29
Eli Lilly	3.07

Investment approach

The fund seeks its investment objective of long-term growth of capital by investing in a portfolio of equity securities that fund management believes has shown above-average growth rates in earnings over the long term.

Average annual total returns (%) as of 9/30/26

	3Q26 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Class I (Without Sales Charge)[1]	2.16	16.15	14.11	25.89	11.14	16.99
Morningstar US Insurance Large Growth Category Avg.	1.71	8.75	9.41	22.64	10.39	15.99
Russell 1000 Growth[2]	0.92	6.30	7.50	24.26	13.66	18.16

*Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.Class I shares have a contractual waiver with an end date of 6/30/27 terminable upon 90 days' notice.Data quoted 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, which assumes reinvestment of dividends and capital gains. Insurance fees and charges are not included. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index.Expenses for Class I shares: Total **0.93%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.79%**; Net, Excluding Investment Related Expenses **0.79%**. Expenses for Class III shares: Total **1.37%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **1.04%**; Net, Excluding Investment Related Expenses **1.04%**.*
*Refer to **(800)-441-7762** for most recent month-end performance.*

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. 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. Derivatives entails 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, 2026, 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 All data refers to the underlying variable insurance product and not the retail mutual fund of the same name. All returns assume reinvestment of all dividends and capital gains distributions. Total investment returns exclude separate account fees, insurance-related fees and expenses. See the fund's prospectus and the prospectus for the applicable variable insurance product for more information including fees and expenses. **2** Effective 12/12/08, the fund changed the benchmark against which it measures its performance from the S&P 500/Citigroup Growth Index to the Russell 1000 Growth Index. The Russell 1000 Growth Index comprises large- and mid-capitalization U.S. equities that exhibit growth 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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