Commentary as of 09/30/23

- The fund posted returns of -3.46% (Institutional shares) and -3.52% (Investor A shares, without sales charge) for the third quarter of 2023.
- The fund outperformed its benchmark. Interest rate hedges, via short U.S. Treasury futures positions, contributed to performance during a quarter in which both interest rates and municipal interest rates increased significantly (prices fell).
- During the quarter, the fund’s duration exposure (interest rate sensitivity) moved from below the benchmark’s to slightly above. The fund had an overweight exposure to bonds maturing in 15 or more years, while it had an overweight position in credit rated A and below.

Contributors

The fund’s interest rate hedges, via short U.S. Treasury futures positions, benefited returns the most as interest rates increased significantly with the steepening yield curve. The cash position made a small contribution, as did sector selection within the tax-backed state and tax-backed local allocations.

Detractors

Municipal interest rates rose significantly during the quarter. The fund’s longer duration municipal exposure detracted from overall results given the rise in rates. The allocation to utility bonds in Puerto Rico also hampered performance.

Further insight

Tax-exempt bond yields increased significantly, with longer-term rates increasing more than shorter-term ones as the municipal yield curve steepened. Municipal bonds underperformed U.S. Treasury bonds, with shorter-term issues faring worst. New York-specific municipal bonds underperformed the broader municipal bond index by a solid margin. Given the large increase in rates, the fund sought to improve the optionality of its holdings by selling securities with less call protection and adding to those with more. It also sought to increase liquidity by raising cash for better opportunities as new issuance picks up. The municipal yield curve is steepest around the 15-20-year maturity area, which is the fund’s focus.

Top 10 holdings (%)

<table>
<thead>
<tr>
<th>Holdings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.10New York St Pwr Auth Green Tra 4 11/15/2047</td>
<td>1.12Tob 5 64420rbc3 Huygen 144a</td>
</tr>
<tr>
<td>1.29New York N Y City Mun Wtr Fin 4 06/15/2040</td>
<td>1.31Utility Debt Securitization Au 5 12/15/2040</td>
</tr>
<tr>
<td>1.34New York N Y City Mun Wtr Fin 5 06/15/2040</td>
<td>1.35New York N Y City Transitional 5 05/01/2040</td>
</tr>
<tr>
<td>1.37Liberty N Y Dev Corp Rev 5.25 10/01/2035</td>
<td>1.39New York N Y City Mun Wtr Fin 4 06/15/2045</td>
</tr>
<tr>
<td>1.55Triborough Brdg &amp; Tunl Auth N 5.25 05/15/2052</td>
<td>1.55Tob 5 44420rbc3 Huygen 144a</td>
</tr>
<tr>
<td>3.09Restructured Puerto Rico Electric 7.125 07/01/2059</td>
<td>3.09Restructured Puerto Rico Electric 7.125 07/01/2059</td>
</tr>
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</table>

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.

Morningstar Overall™

Institutional shares rated against 80 Muni New York Long Funds, as of 9/30/23, 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.††
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 tax.

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

The opinions expressed are those of the fund’s portfolio management team as of September 30, 2023, and may change as subsequent conditions vary. Information and opinions are provided for illustration purposes only and are not intended 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.

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.

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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: 80 in the last 3 years, 74 in the last 5 years and 62 in the last 10 years. With respect to these Muni New York Long funds, the fund received a Morningstar Rating of 5, 4 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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