

Sustainable Advantage Large Cap Core Fund



Inst: **BIRIX** A: **BIRAX** C: **BIRCX** K: **BIRKX**

Commentary as of 12/31/23

- The fund posted returns of 12.22% (Institutional shares) and 12.13% (Investor A shares, without sales charge) for the fourth quarter of 2023.
- The fund outperformed its benchmark during the quarter, driven by strength across stock selection sentiment insights and macro-thematic measures.
- From a sector-positioning perspective, the fund remained largely neutral. However, there were slight overweight exposures to the health care and consumer discretionary sectors, and slight underweight allocations to the financials and materials sectors.

Contributors	Detractors
Sentiment measures drove gains, particularly insights evaluating informed investor positioning and text-based measures designed to capture managerial sentiment from conference material. Other consumer intent-related measures evaluating online search trends and social media data were additive, highlighted through an overweight exposure to luxury goods companies in the textiles, apparel & luxury goods industry. Contrarian quality measures evaluating sources of company financing and debt measures proved additive. Macro-thematic insights performed well and helped to correctly position the fund around broader artificial intelligence (AI) enthusiasm.	Performance from fundamental measures was mixed, as valuation insights ran against the prevailing market style preference. Traditional measures evaluating company cash flows, leverage (borrowed capital), and other financial statement data all struggled. Environmental, social & governance-related metrics were challenged amid the market style preference. Both environmental insights measuring "green" hiring trends as well as human capital measures tracking diversity and veteran hiring struggled. Measures designed to evaluate green bond issuance motivated an unsuccessful underweight allocation to the banks industry.

Further insight

Equities enjoyed strong returns during the quarter amid ebullient investor sentiment. This was spurred by a belief that policymakers had successfully brought inflation under control while avoiding a material unemployment increase and economic contraction. The results capped a year of sharp market moves, driven by swings in macroeconomic data that influenced the outlook for inflation and policy rates. However, investors ultimately focused on "peak policy" and economic "soft-landing" narratives, looking past fresh bouts of volatility, notably conflict in the Middle East. Despite broad gains, breakthroughs in AI technology meant that U.S. market performance was concentrated around mega-cap technology stocks during the year. This supported performance across growth and size styles.

★★★★ Morningstar Overall™

Institutional shares rated against 1,298 Large Blend Funds, as of 12/31/23, 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.^{1†}

Portfolio management

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Richard Mathieson, Raffaele Savi

Top 10 holdings (%)

Microsoft	7.43
Apple	6.66
Alphabet	4.49
Amazon.com	3.81
Nvidia Corporation	3.73
MasterCard	1.91
Meta Platforms Inc	1.68
Pepsico Inc	1.43
Amgen	1.36
Applied Materials Inc	1.35

Investment approach

Invests at least 80% of its net assets plus the amount of any borrowings for investment purposes in large cap equity securities and derivatives that have similar economic characteristics to such securities. The Fund seeks to maintain certain ESG characteristics, climate risk exposure and climate opportunities relative to the Russell 1000 Index (the "Benchmark"). The Fund generally seeks to invest in a portfolio of equity securities that, in BlackRock's view, (i) has an aggregate environmental, social and governance ("ESG") assessment that is better than the aggregate ESG assessment of the Benchmark, (ii) has an aggregate carbon emissions assessment that is lower than that of the Benchmark, and (iii) in the aggregate, includes issuers that BlackRock believes are better positioned to capture climate opportunities relative to the issuers in the Benchmark.

Average annual total returns (%) as of 12/31/23

	4Q23 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception ¹
Institutional	12.22	25.55	25.55	9.02	15.78	—	13.21
Investor A (Without Sales Charge)	12.13	25.26	25.26	8.76	15.49	—	12.93
Investor A (With Sales Charge)	6.24	18.68	18.68	6.82	14.25	—	12.19
Morningstar Large Blend Category Avg.	11.25	22.32	22.32	8.83	14.26	10.55	—
Russell 3000²	12.07	25.96	25.96	8.54	15.16	11.48	—
Russell 1000³	11.96	26.53	26.53	8.97	15.52	11.80	13.25

Expenses for Institutional shares: Total **0.63%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.48%**. For Investor A shares: Total **0.87%**; Net, Including Investment Related Expenses **0.73%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2025 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 5.25% 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: **0.48%**; for Investor A shares: **0.73%**.

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 values fluctuate in price so the value of your investment can go down depending on market conditions. 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. Investing in small- and mid-cap companies may entail greater risk than large-cap companies, due to shorter operating histories, less seasoned management or lower trading volumes. The fund intends to invest in companies with measurable societal impact outcomes, as determined by BlackRock, and screen out particular companies and industries.

An investment's environmental, social and governance ("ESG") strategy limits the types and number of investment opportunities available and, as a result, may underperform other investments that do not have an ESG focus. An investment's ESG strategy may result in investing in securities or industry sectors that underperform the market as a whole or underperform other investments screened for ESG standards.

The opinions expressed are those of the fund's portfolio management team as of December 31, 2023, 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 Fund inception: 10/05/15. **2** The unmanaged Russell 3000 Index comprises the largest U.S. companies as determined by total market capitalization. **3** Effective on or about December 14, 2020, the Fund added the Russell 1000® Index as the performance benchmark against which the Fund measures its performance and removed the Russell 3000® Index as the performance benchmark against which the Fund measures its performance. Fund management believes that this change in the benchmark index more accurately reflects the investment strategy of the Fund. **4** 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 Large Blend funds over the following time periods: 1,298 in the last 3 years and 1,191 in the last 5 years. With respect to these Large Blend funds, the fund received a Morningstar Rating of 3 and 4 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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