

Sustainable Advantage Large Cap Core Fund

BlackRock®

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

Commentary as of 12/31/24

- The fund posted returns of 1.60% (Institutional shares) and 1.57% (Investor A shares, without sales charge) for the fourth quarter of 2024.
- The fund underperformed its benchmark, led by weakness in macro-thematic and fundamental measures, which incorrectly drove positioning around evolving market themes.
- From a sector-positioning perspective, the fund remained largely neutral. However, there were slight overweight exposures to the consumer discretionary and financials sectors, and slight underweight allocations to the real estate and utilities sectors.

Contributors	Detractors
Select fundamental measures provided support during the quarter. Fundamental quality measures favoring conservative balance-sheet management, such as those evaluating research expenditure and other accounting-based measures, benefited from the market style preference. Select environmental, social & governance (ESG) measures contributed, as measures favoring companies with significant veteran hiring helped to capture evolving post-election market trends. Lastly, select macro-thematic measures provided support. Insights designed to capture hiring trends helped to correctly motivate an overweight exposure to the banks industry.	Macro-thematic measures drove weak relative performance. Insights designed to capture business-to-business invoicing and the potential impact of rate policy proved wrong-footed in the information technology sector. Security selection was challenged following the election as the market became more speculative, with fundamental valuation insights struggling. Insights tracking sales, valuations, and other financial statement data detracted. Other fundamental measures with a preference for lower-volatility stocks struggled amid the “risk-on” market tone. ESG insights evaluating environmental efficiency were challenged due to concerns about new energy policies, while consumer-intent-related sentiment signals were unhelpful.

Further insight

Investor attention was primarily focused on the U.S. election, with equities responding well to the Republican gains. After struggling for direction in October, a “risk-on” rally continued in early December before fading. More speculative growth names, alongside cryptocurrencies, benefited the most, given their perceived exposure to the incoming policy agenda. While leadership broadened through November, small-cap stocks surged on deregulation and lower tax hopes, though the rally lost steam at year-end. This, in effect, reconcentrated markets to a handful of large-cap technology stocks, which ensured U.S. equities outperformed global counterparts. Notably, the performance of these longer duration (higher interest rate sensitivity) growth stocks ran against a steepening of the yield curve, as longer-dated yields rose despite the Federal Reserve rate cut in November.

Portfolio management

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Top 10 holdings (%)

Apple	7.44
Microsoft	6.82
Nvidia Corporation	6.48
Amazon.com	4.23
Alphabet	4.18
Meta Platforms Inc	2.44
Tesla Inc	1.87
MasterCard	1.74
Eli Lilly and Company	1.59
Bank of America	1.58

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 12/31/24

	4Q24 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception ¹
Institutional	1.60	23.91	23.91	7.69	14.47	—	14.33
Investor A (Without Sales Charge)	1.57	23.59	23.59	7.42	14.19	—	14.04
Investor A (With Sales Charge)	-3.77	17.10	17.10	5.51	12.96	—	13.37
Russell 3000²	2.63	23.81	23.81	8.01	13.86	12.55	—
Russell 1000³	2.75	24.51	24.51	8.41	14.28	12.87	13.96

Expenses for Institutional shares: Total **0.61%**; 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 06/30/2026 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, 2024, 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.

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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