

# Advantage Large Cap Growth Fund

# BlackRock®

Inst: **CMVIX** A: **BMCAx** C: **BMCCX** R: **BMCRX<sup>1</sup>**

## Commentary as of 12/31/20

- The fund posted returns of 10.38% (Institutional shares) and 10.31% (Investor A shares, without sales charge) for the fourth quarter of 2020.
- The fund's underperformance relative to the benchmark primarily took place early in the quarter. Broad weakness across trend-based sentiment measures detracted, having struggled during the market rotation caused by positive COVID-19 vaccine news. Select sentiment insights that capture industry trends through evaluating job-posting activity added value, particularly among information technology (IT) stocks.
- From a sector-positioning perspective, the fund remained largely sector-neutral. There were slight overweight positions in IT and utilities, and slight underweight positions in the consumer discretionary and industrials sectors.

### Contributors

Select sentiment insights performed well during the quarter. Specifically, insights designed to evaluate job-posting activity performed well across electronic equipment, instruments & components stocks. Elsewhere, capturing sentiment from company linkages, such as supply-chain trends, added value. Valuation-based insights were rewarded as they benefited from investors looking at attractively priced growth companies. Other positives included an insight that compares growth stocks across research and development expenditures.

### Detractors

Trend-based sentiment measures detracted from returns. With investors focused on macroeconomic events in October, insights that evaluate bond-market data performed poorly. The losses across trend measures broadened in November, driven by the sharp rotation away from momentum styles. As investors favored contrarian parts of the market, insights that were positioned for sustained market leadership weighed on returns. In particular, this was through industry positioning, and an underweight exposure to health care stocks, which was driven by various macro-thematic measures.

## Further insight

Equities touched fresh highs during the quarter, completing a remarkable recovery from the spring sell-off. Although stocks struggled in October as COVID-19 cases rose, and uncertainty surrounded both the U.S. election and lack of new fiscal measures, markets rallied following strong vaccine-efficacy data in November. Despite equities enjoying strong returns, this prompted a sharp rotation. Momentum styles experienced their sharpest drawdown since the global financial crisis, as investors shifted to cyclical exposures. This resulted in small-cap equities outperforming, having lagged the market for much of the year. In the months ahead, investors will need to balance near-term virus risk against recovery expectations.

## Portfolio management

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## Top 10 holdings (%)

|                     |      |
|---------------------|------|
| Apple               | 9.42 |
| Microsoft           | 7.70 |
| Amazon.com          | 6.65 |
| Alphabet            | 4.56 |
| Tesla Inc           | 3.17 |
| Facebook            | 3.08 |
| Nvidia Corporation  | 2.84 |
| Visa                | 2.54 |
| Adobe Inc           | 2.50 |
| Paypal Holdings Inc | 2.09 |

## Investment approach

Invests at least 80% of its assets in equity securities or other financial instruments that are components of, or have market capitalizations similar to, the securities included in the Russell 1000 Growth® Index.

## Average annual total returns (%) as of 12/31/20

|   | 4Q20<br>(not annualized) | YTD<br>(not annualized) | 1 Year | 3 Year | 5 Years | 10 Years | Since<br>Inception |
|---|--------------------------|-------------------------|--------|--------|---------|----------|--------------------|
| <b>Institutional</b>                          | 10.38                    | 34.45                   | 34.45  | 20.51  | 18.98   | 12.34    | 11.15              |
| <b>Investor A (Without Sales Charge)</b>      | 10.31                    | 34.09                   | 34.09  | 20.20  | 18.66   | 12.01    | 10.88              |
| <b>Investor A (With Sales Charge)</b>         | 4.52                     | 27.05                   | 27.05  | 18.06  | 17.38   | 11.41    | 10.71              |
| <b>Morningstar Large Growth Category Avg.</b> | 12.50                    | 35.86                   | 35.86  | 20.50  | 18.30   | 15.14    | —                  |
| <b>Russell 1000 Growth<sup>2</sup></b>        | 11.39                    | 38.49                   | 38.49  | 22.99  | 21.00   | 17.21    | —                  |

The fund's annual total returns prior to June 12, 2017 reflect a different investment strategy.

Expenses for Institutional shares: Total **0.86%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.62%**. For Investor A shares: Total **1.12%**; Net, Including Investment Related Expenses **0.87%**. Institutional and Investor A shares have contractual waivers with an end date of 09/30/2021 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 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: **0.62%**; for Investor A shares: **0.87%**.

**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. 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. Commodity futures exposure is achieved through investments in, but not limited to, commodity-linked notes, swap agreements, commodity options, futures and options on futures. Investing in commodity-linked derivatives and commodity-related companies may increase volatility. Price movements are outside of the fund's control and may be influenced by weather and climate conditions, livestock disease, war, terrorism, political conflicts and economic events, interest rates, currency and exchange rates, government regulation and taxation.

The opinions expressed are those of the fund's portfolio management team as of December 31, 2020, 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.

**1** Class R shares are sold to a limited group of investors, including certain retirement plans. See prospectus for details. **2** The Russell 1000 Growth Index represents performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-value ratios and higher forecasted growth values.

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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