

# Capital Appreciation Fund

# BlackRock®

Inst: **MAFGX** A: **MDFGX** C: **MCFGX** R: **MRFGX**<sup>1</sup>

## Commentary as of 06/30/21

- The fund posted returns of 12.92% (Institutional shares) and 12.84% (Investor A shares, without sales charge) for the second quarter of 2021.
- During the quarter, stock selection in the consumer discretionary and health care sectors, and positioning in consumer staples contributed to performance. Conversely, stock selection in the communication services sector, and positioning in real estate and materials detracted from returns.
- Due to market movements and trading activity, the fund's exposure to the communication services and information technology sectors increased modestly, while positions in the health care and real estate sectors were reduced.

### Contributors

The largest contributor to returns was stock selection in the consumer discretionary sector, specifically not holding any shares of Tesla within the automobiles industry. Elsewhere, having no exposure to consumer staples contributed to returns, as traditionally defensive sectors underperformed the wider market. Other positives included stock selection in the health care sector, specifically an overweight position in Zoetis within the pharmaceuticals industry.

### Detractors

The largest detractor from returns was positioning in the communication services sector, driven by stock selection in the entertainment industry, specifically an overweight position in Netflix. Positioning in the consumer discretionary sector also weighed on returns, in large part due to an overweight position in SBA Communications within real estate investment trusts. Lastly, stock selection in the materials sector, notably an off-benchmark position in Ball within the containers & packaging industry, weighed on returns.

## Portfolio management

Lawrence Kemp

## Top 10 holdings (%)

Amazon.com	8.72
Microsoft	7.97
Alphabet	4.38
Visa	4.03
Facebook	3.59
MasterCard	3.53
Apple	3.13
ASML Holding	3.07
S&P Global Inc	2.95
Servicenow Inc	2.91

## Investment approach

Invests in a portfolio of equity securities that fund management believes have shown above-average growth rates in earnings over the long term.

## Further insight

The U.S. economy is experiencing the most extraordinary V-shaped recovery since the end of the Second World War. Multiple rounds of stimulus and significant consumer-spending power have driven a historic recovery. Today, household balance sheets have never looked better, while corporate balance sheets are also in good shape. Several important questions, however, remain for investors in the months ahead, from the Federal Reserve's response to inflation to uncertainty about the growth/value rotation.

## Average annual total returns (%) as of 6/30/21

	2Q21 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception
<b>Institutional</b>	12.92	13.44	40.32	23.36	24.45	16.33	9.67
<b>Investor A (Without Sales Charge)</b>	12.84	13.30	39.95	23.04	24.12	16.01	9.39
<b>Investor A (With Sales Charge)</b>	6.92	7.36	32.61	20.85	22.79	15.39	9.14
<b>Morningstar Large Growth Category Avg.</b>	10.28	12.38	41.70	22.56	21.98	15.99	—
<b>Russell 1000 Growth<sup>2</sup></b>	11.93	12.99	42.50	25.14	23.66	17.87	—

Expenses for Institutional shares: Total **0.75%**. For Investor A shares: Total **1.01%**. 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. Current performance may be lower or higher than that shown. All returns assume reinvestment of dividends and capital gains. Refer to [www.blackrock.com](http://www.blackrock.com) for current 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.

**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. Investing in 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 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.

The opinions expressed are those of the fund's portfolio management team as of June 30, 2021, 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 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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