

Natural Resources Fund

Inst: **MAGRX** A: **MDGRX** C: **MCGRX**

Commentary as of 12/31/23

- The fund posted returns of 0.69% (Institutional shares) and 0.62% (Investor A shares, without sales charge) for the fourth quarter of 2023.
- The fund underperformed its benchmark during the quarter, led by stock selection in the agriculture sector.
- During the quarter, the fund maintained its overweight positions in the energy and mining sectors. At quarter-end, 37.6% of the fund was invested in energy, 38.7% in mining, 22.3% in agriculture, and 1.4% was held in cash.

| Contributors | Detractors |
|--|--|
| An off-benchmark position in Canadian steel company Stelco was the largest contributor to performance after rival U.S. Steel was acquired. The stock also benefited from overall positive market sentiment and optimism about the construction industry. An underweight exposure to Canadian fertilizer company Nutrien supported performance due to weak fertilizer prices. Lastly, an overweight position in Brazilian miner Vale was beneficial due to continued strength in iron ore prices. | An overweight position in Canada-based First Quantum Minerals was the largest detractor during the quarter. Panama's government announced the closure of the Cobre Panama mine after a supreme court ruling that the concession granted to the company was unconstitutional. Not owning Fortescue detracted as the iron ore price strength boosted the shares. The fund's overweight exposure to ExxonMobil hampered returns in the immediate period after the company announced the acquisition of Pioneer Natural Resources. |

Further insight

Natural resources equities are an effective way to position portfolios for a world where inflationary pressures remain a feature, we believe. The world's largest commodity consumer, China, has reopened, albeit with less impact than had been expected. Uncertainty about China's commodity demand persists, though we have seen the country's government announce financial support incrementally. Commodity supply is being heavily constrained by producers' continued focus on capital discipline following years of underinvestment. This has, in part, been driven by investor pressure on companies to prioritize shareholder returns over production growth and by global decarbonization efforts that have disincentivized investment in new supply. Geopolitical risk continues to create uncertainty about supply and adds a risk premium to the pricing of some commodities. Natural resources companies' debt levels have been dramatically cut and, today, mining and energy companies have among the strongest balance sheets out of all sectors globally. Meanwhile, companies continue to trade on attractive valuations. While the macroeconomic backdrop is uncertain, we see strong, idiosyncratic factors supporting natural resources equity performance.

Portfolio management

Alastair Bishop, Thomas Holl

Top 10 holdings (%)

| | |
|------------------------------|------|
| Shell Plc | 7.30 |
| Totalenergies Se | 6.24 |
| ExxonMobil | 5.21 |
| Glencore Plc | 4.73 |
| Bhp Group Ltd | 4.62 |
| Vale Sa | 4.39 |
| Wheaton Precious Metals Corp | 4.09 |
| Chevron | 3.95 |
| BP | 3.93 |
| Freeport-Mcmoran Inc | 3.61 |

Investment approach

Invests in a portfolio of equity securities with substantial natural resource assets.

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

| | 4Q23 (not annualized) | YTD (not annualized) | 1 Year | 3 Year | 5 Years | 10 Years |
|---|--------------------------|-------------------------|--------|--------|---------|----------|
| Institutional | 0.69 | -1.38 | -1.38 | 14.87 | 12.53 | 2.91 |
| Investor A (Without Sales Charge) | 0.62 | -1.64 | -1.64 | 14.54 | 12.21 | 2.63 |
| Investor A (With Sales Charge) | -4.67 | -6.81 | -6.81 | 12.50 | 11.01 | 2.08 |
| Morningstar Natural Resources Category Avg. | 5.01 | 7.61 | 7.61 | 10.99 | 12.51 | 4.77 |
| S&P Global Natural Resources Index² | 3.59 | 4.08 | 4.08 | 12.86 | 11.15 | 5.15 |

Expenses for Institutional shares: Total **0.83%**. For Investor A shares: Total **1.12%**. 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 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. International investing involves special risks including, but not limited to political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. Investments in natural resources industries can be affected by variations in commodities markets, weather, disease, embargoes, political and economic developments, taxes and other government regulations. 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 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.

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1 The S&P Global Natural Resources Index includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure to agribusiness, energy, and metals & mining.

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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