

NEW YORK MUNICIPAL OPPORTUNITIES FUND

BLACKROCK®

4Q 2018 COMMENTARY

Inst: MANKX • A: MENKX • C: MFNKX

- ▶ The fund posted returns of 0.12% (Institutional shares) and 0.06% (Investor A shares, without sales charge) for the fourth quarter of 2018.
- ▶ The largest detractor from performance was the fund's hedging activity (we were short U.S. Treasury futures) during a quarter in which interest rates fell.
- ▶ The fund was overweight in the 15-year and longer-maturity areas, while underweight in shorter securities. The fund also maintained its overweight position in securities rated A and lower. In fact, the fund added to its lower-rated exposure as outflows from mutual funds led to selling in this area.

Contributors	Detractors
The fund's duration (interest rate sensitive) exposure was the largest contributor to performance, as interest rates and municipal rates rallied sharply across the yield curve.	As interest rates rallied sharply, the largest detractors from performance were the fund's interest rate hedges – specifically, a short position in U.S. Treasury futures. The fund's exposure to the tobacco sector detracted too, as it was affected by some negative news: the Food and Drug Administration announced plans to propose a ban on menthol cigarettes. Furthermore, certain exposures in Puerto Rico and within the transportation sector underperformed this quarter.

Further Insight

Interest rates touched highs early in the quarter, only to rally sharply toward the end. Higher municipal rates during October and November presented the fund with opportunities to add very attractive yield levels via new purchases, especially out in the 20-year range, as the municipal yield curve was steep during this time. Furthermore, mutual fund flows in the industry were sharply negative, which necessitated selling in the market and led to more attractive valuations. New York new issue municipal supply continued to be relatively robust, which helped to present new 'buy' opportunities. As the market rallied sharply as year-end approached, the fund was able to capture several good sales.

*Employs a flexible investment approach to investing in New York municipal bonds and seeks to offer attractive tax-advantaged income while navigating diverse interest rate environments.

Overall Morningstar Rating®:
Institutional



Rated against 48 Muni New York Intermediate Funds, as of 12/31/18, 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.††

Portfolio Management

Peter Hayes, Theodore Jaeckel,
James Pruskowski, Michael
Kalinowski

TOP 10 HOLDINGS

(% of Net Assets as of 12/31/18)

1. New York N Y City Mun Wtr Fin 5 06/15/2040	2.4
2. Hudson Yds Infrastructure Corp 5 02/15/2042	2.0
3. Mta Hudson Rail Yards Tr Oblig 5 11/15/2046	1.8
4. Triborough Brdg & Tunl Auth Ny 5 11/15/2043	1.6
5. New York Transn Dev Corp Spl F 5 07/01/2046	1.6
6. Tob 5 64990agm1 Nyshgr 144a	1.5
7. New York St Twy Auth Gen Rev J 5.25 01/01/2056	1.4
8. New York N Y City Transitional 5 08/01/2040	1.4
9. Met Transprt Auth Ny Dedi- cated Ta 5 11/15/2036	1.3
10. Liberty N Y Dev Corp Rev 10/01/2035	5.25 1.3

% AVERAGE ANNUAL TOTAL RETURNS AS OF 12/31/18

	4Q18 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception ¹
Institutional	0.12	0.98	0.98	3.01	5.39	6.12	5.30
Investor A (Without Sales Charge) ²	0.06	0.82	0.82	2.78	5.15	5.85	5.04
Investor A (With Sales Charge) ²	-4.19	-3.46	-3.46	1.31	4.24	5.39	4.89
Morningstar Muni New York Intermediate Category Avg.	1.25	0.57	0.57	1.38	2.76	3.90	—
S&P Municipal Bond ³	1.52	1.36	1.36	2.34	3.88	5.11	—
S&P Custom New York Municipal Bond ⁴	1.67	0.65	0.65	2.41	4.45	—	—

Expenses for Institutional shares: Total 0.75%; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) 0.64%. For Investor A shares: Total 0.97%; Net, Including Investment Related Expenses 0.89%. Institutional and Investor A shares have contractual waivers with an end date of 10/31/19 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 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 4.25% 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: 0.50%; for Investor A shares: 0.75%.

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. 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. There may be less information on the financial condition of municipal issuers than public corporations. The market for municipal bonds may be less liquid than taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions are taxable. Concentrating in a single state is subject to greater risk of adverse economic conditions and regulatory changes.

The opinions expressed are those of the fund's portfolio management team as of December 31, 2018, 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. Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass. This material does not constitute investment advice and is not intended as an endorsement of any specific investment. Investment involves risk. Reliance upon information in this material is at the sole discretion of the reader.

1 Fund inception: 11/1/85. **2** The performance information for periods prior to the inception date (10/2/06) of Investor A shares is based on the fund's Institutional shares, adjusted to reflect the fees and expenses applicable to such share class. See the fund prospectus for more details. **3** The Standard & Poor's Municipal Bond Index measures the U.S. municipal market performance of bonds issued by states or municipalities. All bonds in the index are exempt from U.S. federal income taxes or subject to the alternative minimum tax. **4** The Standard & Poor's Custom New York Municipal Bond Index measures the performance of municipal bonds issued in New York and are exempt from federal income and alternative minimum tax. The state level municipal bond indices consist of bonds that have been issued by municipalities or municipal authorities within the 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands. †† 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 Muni New York Intermediate funds over the following time periods: 48 in the last 3 years, 47 in the last 5 years and 38 in the last 10 years. With respect to these Muni New York Intermediate funds, the fund received a Morningstar Rating of 5, 5 and 5 stars for the 3-, 5- and 10-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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01/19 — New York Municipal Opportunities Fund

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USRMH0219U-739413-2/2