

Technology Opportunities Fund



Inst: **BGSIX** A: **BGSAX** C: **BGSCX** R: **BGSRX**¹

Commentary as of 09/30/21

- The fund posted returns of -2.11% (Institutional shares) and -2.17% (Investor A shares, without sales charge) for the third quarter of 2021.
- The majority of the fund's underperformance relative to the benchmark was driven by sector positioning.
- At quarter-end, the largest industry exposures were in software and internet. These industries have the best prospects for secular organic growth, driven by innovation, as well as less sensitivity to late-cycle macroeconomics. The fund also had a substantial allocation to the digital-transformation theme, as global enterprises continue to invest to modernize their operations.

Contributors	Detractors
Stock selection in the software and content & infrastructure industries contributed to relative returns. At the stock level, an off-benchmark position in Australian software company Atlassian was the top contributor to performance after the company revealed an accelerated transition to cloud-based computing for its on-site client base. An off-benchmark position in high-end electric-vehicle maker Lucid Group added value after the company's first model went into production.	Detractors included overweight positions in the internet and content & infrastructure industries. On a stock-specific basis, an off-benchmark position in "super-app" company Kakao was the largest single detractor from performance after the company was the target of increased political rhetoric ahead of the Korean elections. An off-benchmark position in one-to-one social-media company Pinterest hurt relative returns as the economic reopening led to a fall in user numbers.

Further insight

We maintained the fund's exposure to long-term secular themes, while also taking advantage of attractively valued cyclical names that are likely to benefit from economic recovery. The recent rise in interest rates placed short-term pressure on information technology (IT) stocks, but the IT sector continues to be underpinned by strong fundamentals and powerful, long-term secular growth drivers. Social distancing and the migration to remote working have accelerated the pace of adoption for trends we were already positioned for, such as cloud computing, e-commerce, and gaming.

★★★★★ Morningstar Overall™

Institutional shares rated against 213 Technology Funds, as of 9/30/21, 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

Tony Kim

Top 10 holdings (%)

Apple	4.18
Microsoft	4.04
Alphabet	2.68
Tesla Inc	2.45
Marvell Technology Inc	2.42
ASML Holding	2.32
Amazon.com	2.02
Kakao Corp	1.97
Paypal Holdings Inc	1.85
Lam Research Corporation	1.85

Investment approach

Invests primarily in equity securities of U.S. and non-U.S. companies in all capitalization ranges selected for their rapid and sustainable growth potential from the development, advancement and use of science and/or technology.

Average annual total returns (%) as of 9/30/21

	3Q21 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception ²
Institutional	-2.11	5.27	29.88	32.31	33.30	25.04	10.24
Investor A (Without Sales Charge)	-2.17	5.07	29.55	31.97	32.97	24.67	9.85
Investor A (With Sales Charge)	-7.31	-0.45	22.75	29.62	31.54	24.00	9.57
Morningstar Technology Category Avg.	-2.74	9.33	33.74	24.25	24.82	20.90	—
MSCI World Information Technology²	1.42	14.67	29.45	26.04	26.83	21.33	—

Expenses for Institutional shares: Total **0.99%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.93%**. For Investor A shares: Total **1.26%**; Net, Including Investment Related Expenses **1.18%**. Institutional and Investor A shares have contractual waivers with an end date of 01/31/2022 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 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: **0.92%**; for Investor A shares: **1.17%**.

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 small-cap companies may entail greater risk than large-cap companies due to shorter operating histories, less seasoned management or lower trading volumes. 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. Investments in technology industries may be affected by limited product lines, markets or financial resources. Technology industries are rapidly changing and stocks of these companies may be more volatile than the stock market in general. 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. 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. Performance may be attributable to unusually high IPO profits. There is no guarantee this level of performance will be repeated. IPO securities have no trading history and the price may be volatile.

The opinions expressed are those of the fund's portfolio management team as of September 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 MSCI World Information Technology Index captures large- and mid-cap information-technology markets of developed countries. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard.^{††} 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 Technology funds over the following time periods: 213 in the last 3 years, 183 in the last 5 years and 155 in the last 10 years. With respect to these Technology 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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