

## Impact Mortgage Fund

Inst: **PNIGX** A: **CIGAX** C: **BIGCX** R: **BGBRX<sup>1</sup>** K: **BIGLX**

### Commentary as of 03/31/24

- The fund posted returns of -1.13% (Institutional shares) and -1.19% (Investor A shares, without sales charge) for the first quarter of 2024.
- Out-of-benchmark strategies, particularly allocations to commercial mortgage-backed securities (CMBS) and pool selection within agency mortgage-backed securities (MBS), were additive to performance. However, relative-value trades detracted from returns.
- The fund continued to hold core allocations in various impact MBS pools, which have exhibited benign prepayment characteristics. We added a position in a manufactured housing loan balance pool that has provided call protection and “carry” versus the benchmark.

Contributors	Detractors
Out-of-benchmark allocations to CMBS, mortgage derivatives, and asset-backed securities contributed to performance. CMBS performed well into the start of the year, as investors started to take advantage of attractive spreads relative to other sectors. Pool selection within agency MBS was also additive. Within the conventional 30-year space, manufactured housing and home ready pools, within Ginnie Mae loss mitigation pools, also contributed.	Relative-value trades in agency MBS detracted from performance during the quarter.

### Further insight

The fund maintained a concentration in MBS pools during the quarter, with the core allocation of pools held in downpayment assistance, foreclosure prevention, and manufacturing housing pools. We continued to hold these positions on the view that their collateral attributes exhibit a meaningful benefit in prepayment characteristics through factors like loan size and seasoning. In rates positioning, the fund shifted to a modest underweight duration position (interest rate sensitivity), though it remained close to neutral.

### Portfolio management

Matthew Kraeger, Siddharth Mehta

### Top 10 holdings (%)

GNMA II	45.50
Federal National Mortgage	38.82
FHLM	27.01
Fhms_ksg4-A2	1.44
Gnma_20-149h-1a	0.74
Federal Home Loan Mortgage Corporation -Gold	0.42
Gnma_21-159-1h	0.41
Gnma_22-127c-1a	0.36
Msaic_22-3-A	0.27
Localcdi	0.26

### Investment approach

Invests primarily in the highest rated government and agency bonds and maintains an average portfolio duration within ±20% of the Bloomberg Intermediate Government Index.

## Average annual total returns (%) as of 3/31/24

	1Q24 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
<b>Institutional</b>	-1.13	-1.13	0.65	-3.15	-0.23	0.93
<b>Investor A (Without Sales Charge)</b>	-1.19	-1.19	0.30	-3.38	-0.47	0.67
<b>Investor A (With Sales Charge)</b>	-5.14	-5.14	-3.72	-4.69	-1.28	0.26
<b>BBG U.S. Govt./Mortgage<sup>2</sup></b>	-0.98	-0.98	0.61	-2.76	-0.17	1.09

Expenses for Institutional shares: Total **1.92%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **1.59%**. For Investor A shares: Total **2.17%**; Net, Including Investment Related Expenses **1.84%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2025 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 4% 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: **0.45%**; for Investor A shares: **0.70%**.

**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. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of U.S. gov't agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. gov't. 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 March 31, 2024, 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.

BlackRock provides compensation in connection with obtaining or using third-party ratings and rankings.

**1** Class R shares are sold to a limited group of investors, including certain retirement plans. See prospectus for details. **2** The Bloomberg U.S. Government/Mortgage Index measures the performance of U.S. government bonds and mortgage-related securities; the Bloomberg U.S. Agency Index, which includes native currency agency debentures from issuers such as Fannie Mae (FNMA), Freddie Mac (FHLMC) and Federal Home Loan Bank; and the Bloomberg U.S. MBS Index, which includes U.S. agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), FNMA and FHLMC.

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.

©2024 BlackRock, Inc. or its affiliates. All Rights Reserved. BLACKROCK is a trademark of BlackRock, Inc. or its affiliates. All other trademarks are those of their respective owners.

Prepared by BlackRock Investments, LLC, member FINRA.

Not FDIC Insured • May Lose Value • No Bank Guarantee

04/24 — Impact Mortgage Fund

**Want to know more?**

[blackrock.com](http://blackrock.com)

**BlackRock**