

## Key views on the market

**Global resilience:** In 2023, [US growth stood out](#), but in 2024, other developed markets like Europe and Japan show signs of catching up. This shift towards more synchronous growth has us positioned for reflation – long stocks and short long-dated government bonds. We're also maintaining and increasing our short position on the US dollar against other developed market currencies due in part to [fiscal-monetary entanglement](#).

**UK Gilts vs. US Treasuries:** The UK and US each have closely contested [elections in November](#) but appear to be diverging economically at the start of 2024. Inflation data and leading indicators in the two regions diverged in Q1 with more signs of weakness in the UK and greater indications of strength in the US. Fiscal policy also looks set to diverge this year; with larger deficits and issuance in US, we prefer UK Gilts in the cross-section.

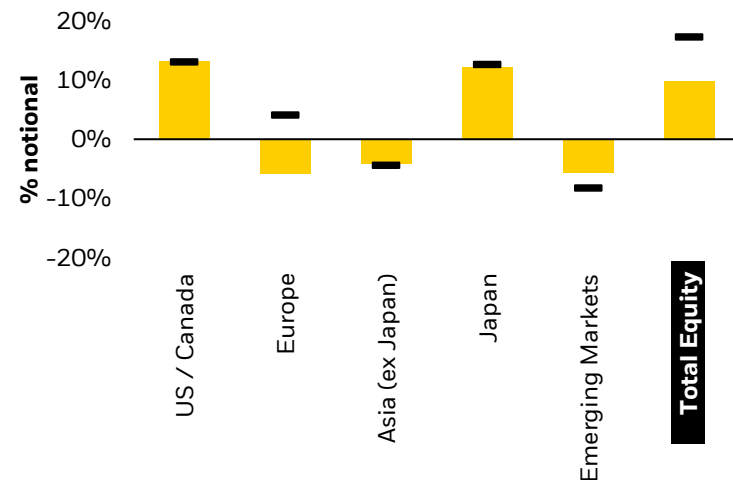
**Insurance & inflation:** Insurance has broad economic impact since it is a necessary input for almost every step in the production process. This also means that increases in insurance premiums tend to foreshadow future inflation. In our view, [continued insurance premium increases](#) over the next couple of years creates [upside risks to core consumer prices](#). This contributes to our net short duration position in the fund.

## Portfolio positioning as of April 30, 2024

### Equity exposures

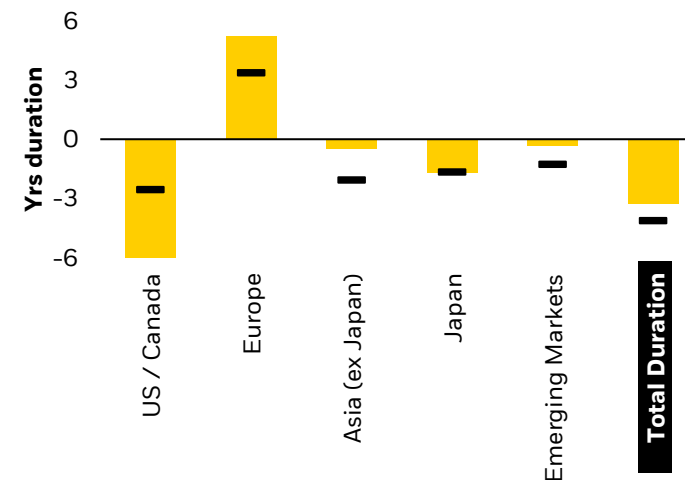
- Total equity exposure remains long
- Maintain longs in Italian, Japanese, and US equities based on resilient domestic demand and earnings outlook

● Current ● 3 months prior



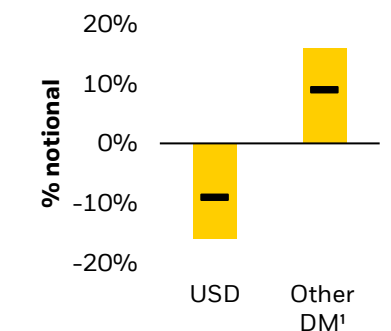
### Fixed income exposures

- Added to directional net short duration positions
- Moved long UK Gilts vs. US Treasuries on diverging inflation, growth, and fiscal outlooks headed into election



### FX exposures

- Remain underweight US\$ vs. a basket of other DM currencies based on fiscal divergences



Source: BlackRock. For illustrative purposes only. Subject to change. Overall Morningstar Rating for PBAIX rated against 65 Macro Trading Funds based on risk adjusted total return as of 3/31/2024. Morningstar has awarded the Fund a Bronze Medal (effective 3/14/2023). <sup>1</sup> Analyst Driven % is the analyst input into the overall rating assignment, including direct analyst coverage and inheritance of an analyst-rated pillar. Data Coverage % is available input data for rating calculation at the Pillar level.

<sup>2</sup> Other DM includes AUD, CAD and EUR.

Morningstar percentile ranking (PBAIX)	21	1 year 17/65	30	3 year 17/55	38	5 year 18/47	21	10 year 6/29
Since strategy inception (7/1/2016)*								
			<b>BlackRock Tactical Opportunities Fund (PBAIX)</b>				<b>Morningstar Macro Trading Fund Category Average</b>	
Higher returns			<b>5.20%</b>				<b>3.06%</b>	
Higher Sharpe ratio			<b>0.68</b>				<b>0.29</b>	
Lower correlation (to S&P 500)			<b>0.15</b>				<b>0.79</b>	
Lower correlation (to US Agg)			<b>-0.21</b>				<b>0.22</b>	
Lower fees			<b>0.85% / 0.85%</b>				<b>1.68% / 2.06%</b>	

Key drivers of YTD performance	
<i>Contributors</i>	
•	Directional duration shorts and long UK Gilts vs. US Treasuries
•	Relative value equity positioning (long Italy and Japan vs. short Korea; long technology)
<i>Detractors</i>	
•	Short USD vs. EUR, AUD, CAD
•	Overweight Latin American rates vs. Asia

Source: BlackRock, Morningstar as of 4/30/2024. **Morningstar percentile ranking based on total return excluding sales charges, independently calculated and not combined to create an overall ranking.** Expenses stated as of the fund's most recent prospectus.\* The fund's returns prior to 7/1/2016 are the returns of the fund when it followed different investment strategies under the name "Managed Volatility Fund" which focused on generating total returns through a discretionary tactical asset allocation process.

**Standardized performance as of 3/31/2024 for PBAIX is as follows: 1 yr 11.82%, 3 yr 5.99%, 5 yr 4.73%, 10 yr 3.93%. Performance quoted 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 investment of dividends and capital gains. Current performance may be lower or higher than that shown. Refer to blackrock.com for current month end performance.**

**Sharpe Ratio** uses a fund's standard deviation and its excess return (difference between the fund return and the risk-free return) to determine reward per unit of risk. **Duration** measures how long it takes, in years, for an investor to be repaid a bond's price by the bond's total cash flows. Duration can also measure the sensitivity of a bond's or fixed income portfolio's price to changes in interest rates. **Notional** value is the total value controlled by a position or obligation; e.g. how much value is represented by a derivatives contract. The opinions expressed are those of the fund's portfolio management team 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.

**Performance, fees and rankings for other share classes could be higher or lower. Investing involves risk, including possible loss of principal. Please 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 at blackrock.com. The prospectus and, if available, the summary prospectus should be read carefully before investing.**

**Important risks of the fund: The fund is actively managed and its characteristics will vary. 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 currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. 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. Asset allocation strategies do not assure profit and do not protect against loss. 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. Investing in small- and mid-cap companies may entail greater risk than large-cap companies, due to shorter operating histories, less seasoned management or lower trading volumes.**

**The Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life sub-accounts, 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 Institutional share class of the fund was rated against the following numbers of U.S.-domiciled Macro Trading Funds over the following time periods: 65 for 3 years, 58 for 5 years and 55 for 10 years. The fund received a Morningstar Rating of 3 stars for the 3-year period, 3 stars for the 5-year period and 4 stars for the 10-year period. Other classes may have different performance characteristics. **The Morningstar Medalist Rating™** is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to [global.morningstar.com/managerdisclosures/](http://global.morningstar.com/managerdisclosures/). The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.

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