

BlackRock Credit Strategies Fund

BlackRock®

2Q 2021

INST: CREDX A: CRDAX U: CRDUX W: CRDWX

Performance

While the second quarter was not without bouts of volatility, the period saw a continuation of the global economic restart and progress around the vaccine rollout across developed markets. Interest rates reversed their upward trend over the period while spreads continued to tighten across credit markets. With this backdrop, interest rate-sensitive and risk assets generally performed well.

U.S. high yield* returned 3.16% over the period, outperforming most other fixed income sectors. The sector saw further spread tightening as outflows abated and as investor demand for yield intensified. Similar to the first quarter, lower quality bonds continued to outperform as investors seek attractive income and convexity. Bank loans† generated total returns of 1.38%, underperforming other fixed rate credit sectors as interest rates declined. While bank loans lagged other credit sectors over the period, the technical backdrop has remained strong, as investor inflows persist and supply of collateralized loan obligations (“CLOs”) continues to set records. CLOs also experienced strong returns, particularly lower quality, mezzanine tranches backed by high-quality underlying asset portfolios.

The Fund’s institutional shares returned 1.86% (net) over the quarter. The Fund’s largest driver of return was private credit, where the attractive yields offered in the space continue to drive returns. Our allocation to public credit sectors, particularly U.S. high yield and bank loans, also contributed to returns, where our focus remains on lower quality issuers. Other contributors include European high yield, preferreds, and emerging markets. Detractors from performance were limited, as spreads generally tightened and interest rates declined.

Fund characteristics

Managed assets	\$333 million
Leverage	16%
Distribution rate	6.24%
Number of holdings	1,532
Effective duration	1.40

Source: BlackRock, as of 6/30/21. Distribution rate refers to the institutional share class and is calculated by annualizing the most recent distribution per share and dividing by the net asset value. Rate is net of advisory fees and net of operating fees and expenses; it is not expected to include, but may include, return of capital. Please refer to the Resources section of the BlackRock website, under Tax Information, mutual fund section 19 notices, for Section 19 notices that provide estimated amounts and sources of the Fund’s distributions, which should not be relied upon for tax reporting purposes.

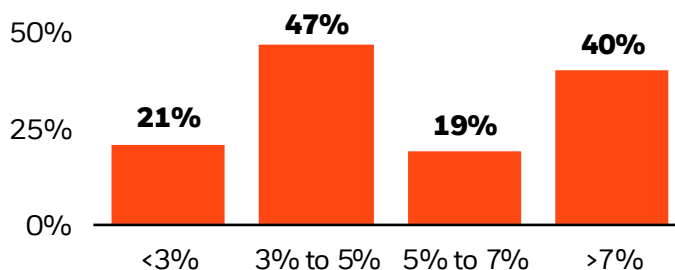
Performance characteristics (CREDX)

Return	8.37% (net ¹)
Volatility	11.87%
Sharpe ratio	0.66

Source: BlackRock, Morningstar. Since inception (2/28/19 through 6/30/21).

Past performance is no guarantee of future results. Volatility based on standard deviation of monthly returns.

Yield breakdown



Source: BlackRock. Data as of 6/30/21 and subject to change. Reflects nominal yield of the Fund. Breakdown as % of net asset value.

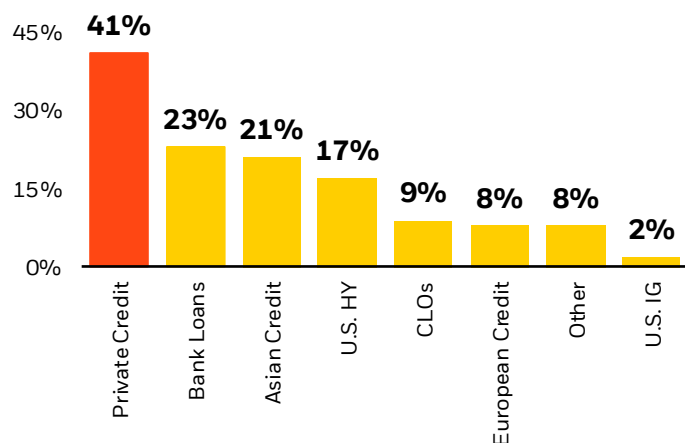
Sources: BlackRock, Barclays, S&P LCD as of 6/30/21. * Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index. † S&P/LSTA Leveraged Loan Index

Performance data 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 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. Index performance is used for illustrative purposes only. It is not possible to invest in an unmanaged index.

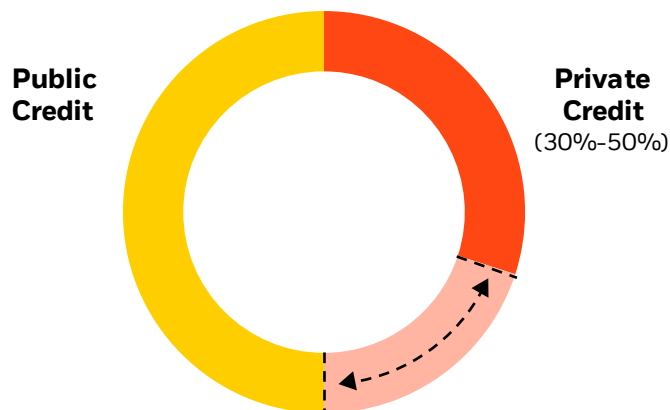
Additional access and potential for better diversification

We believe investors can seek the “best of both worlds” by investing in a combination of traditional and private credit to achieve enhanced income and total return.

Current allocation

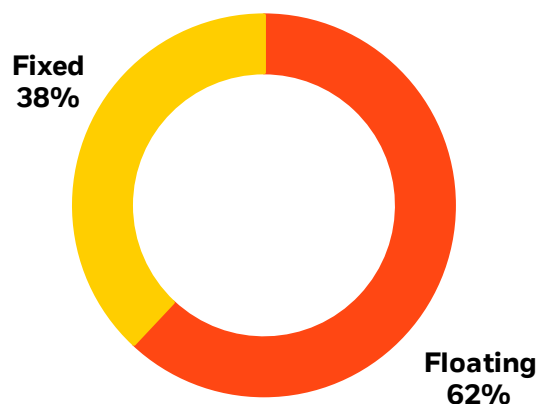


Anticipated long-term allocation



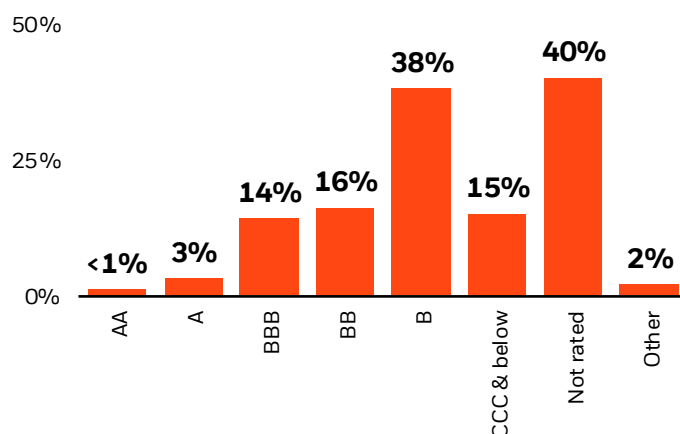
Source: BlackRock. Current allocations as of 6/30/21 and subject to change. Reflects market values as % of net asset value. The anticipated allocation ranges are based on current market conditions and are subject to change. There is no guarantee that the Fund's actual allocations will, at any given point in time, reflect the anticipated ranges. Please review the Fund's prospectus for more information regarding the Fund's investment policies and restrictions.

Fixed vs. floating exposure



Source: BlackRock. Data as of 6/30/21 and subject to change. Exposures as % of net asset value.

Credit quality breakdown



Source: BlackRock, using ratings data provided by Moody's, S&P and Fitch. Methodology is: If three agencies rate a security, the middle rating is used; if two agencies rate a security the most conservative rating is used; if one agency rates a security that single rating is used. Data as of 6/30/21 and subject to change. Exposures as % of net asset value. May not equal 100% due to rounding.

Positioning

We remained active over the quarter, making several changes to our asset allocation amid the moves in interest rates and bouts of volatility. The largest and most significant change over the quarter was the 8% increase to our private allocation, which now sits at 41%. We added deals across various industries, including commercial services, telecom, healthcare, construction and engineering, and IT services. All-in yields on deals provided a meaningful pickup over public credit markets. Notably, while the majority of deals were structured as first lien senior secured deals, all loans were structured with strong covenants and investor protections in place. While increased competition has at times led to tighter spreads and issuer-friendly structures, managers, such as BlackRock, who can speak for larger deals continue to win mandates, drive structure, and defend pricing.

In liquid credit, we continued our rotation out of U.S. high yield and into floating rate assets, specifically bank loans and CLOs. U.S. high yield continues to perform well, allowing for the opportunity to take profits on fully priced names and rotate into sectors with greater upside and attractive carry. We added roughly 7% to our bank loans and CLOs position over the period, which now sits at over 32% between the two sectors, up from 19% at the start of the year. While the rally in rates has benefited fixed rate assets, we believe the risk of higher inflation remains elevated where these sectors are positioned to benefit if this comes to fruition. We also added to our emerging markets position, predominantly in dollar denominated, Asian credit on the back of weakness in the region. Lastly, while we are still meaningfully below our cap, we increased leverage over the period to fund our private allocation.

Outlook

We believe the low global interest rate environment, ample liquidity, strong economic restart, and enormous demand for income are supportive of credit assets over the next few quarters. Although valuations are towards the full end of historical ranges, the combination of economic policy and demand remain intact. We will learn a lot in the coming months about the extent of the inflationary impulse, how it impacts different regions and sectors, and what policy makers will do to address it.

Our key positioning themes within credit remain unchanged as we maintain expectations for positive returns in credit over traditional fixed income. While rates and inflation pressures have weighed on markets at times, we believe the volatility reflects growing investor conviction around a constructive outlook based on a backdrop supportive of the recovery. Our portfolio continues to emphasize a carry-oriented thesis and we maintain a preference towards pro-cyclical and floating rate assets. Additionally, we are evaluating adding exposure to non-US assets in both developed and emerging markets, as the recovery for many economies will begin to catch up to the pace of the U.S.

While we have seen tighter pricings on select deals, we maintain the view that investor demand for income and floating rate assets, along with dislocation created by the pandemic, will continue to support private credit markets this year. Deal flow continues to be robust and sentiment in private markets remains risk-on. We believe the asset class offers attractive carry given the benefit of illiquidity premiums in an earnings recovery environment. Our teams are focused on opportunities in various durable industries, including technology, services, and healthcare. While yields have been challenged due to increased demand, we continue to find yield and differentiated opportunities in direct lending with complex structures, which requires an experienced manager like BlackRock. We continue to believe direct lending is well positioned due to its floating rate nature and higher income potential.



James Keenan

CIO and Global Co-Head of Credit;
Credit Strategies Fund Portfolio Manager

The private investments discussed above were selected to illustrate the portfolio management team's most recent private investments. The information above is not a prediction of future performance or any assurance that comparable investment opportunities will be available at the time of investment. It is non-representative of all underlying investments made by the portfolio management team and it should not be assumed that the portfolio management team will invest in comparable investments, or that any future investments made by portfolio management team will be successful. To the extent that these investments prove to be profitable, it should not be assumed that the portfolio management team's other investments will be profitable or will be as profitable.

% Total returns(as of 6/30/21)¹

	2Q21 (not annualized)	YTD (not annualized)	1 year	Since inception ⁴
Institutional shares	1.86	3.90	15.35	8.37
Class A shares ² (Without sales charge)	1.68	3.44	14.40	7.57
Class A shares ² (With sales charge)	-0.86	0.85	11.53	6.41
ICE BofAML 3-Mo U.S. Treas Bill Index ³	0.00	0.03	0.09	-

Performance data 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 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.

Returns include reinvestment of dividends and capital gains. Maximum sales charge for Class A shares is 2.50%, Class W shares is 3.50%. Expenses stated as of the Fund's most recent prospectus including Total/Net, Including Investment Related Expenses: Institutional Shares, 2.82%/2.61%; Class A Shares, 3.45%/3.36%; Class U Shares, 3.45%/3.36%; Class W Shares, 3.45%/3.36%. The Net expenses reflect the Fund contractually agreeing to waive and/or reimburse certain operating and other expenses to limit certain expenses to 0.50% of the Fund's average daily value of the net assets of each share class. Contractual waivers have a current end date of 6/30/23. Investment dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses are included in the Total and Net expenses. The cost of leverage is subject to change based on market conditions and the Fund's use of leverage may increase or decrease over time. Institutional shares are not subject to a distribution fee or shareholder servicing fee. Class A shares are subject to these fees at an annual rate of 0.75%. 0.25% of the fee is a shareholder service fee and 0.50% is a distribution fee paid to dealers.

Certain selling agents offer only certain classes of shares, and investors may benefit from the terms of classes that are not offered through your selling agent but are available through other selling agents or otherwise.

¹ Returns are shown net of advisory fees paid by the fund and net of the fund's operating fees and expenses. Investors who purchase shares of the fund through an investment adviser or other financial professional may separately pay a fee to that service provider. ² The performance information for periods prior to the inception date of the Class A Shares (3/31/20) is based on the Fund's Institutional Shares, adjusted to reflect the fees and expenses applicable to the Class A Share. ³ The ICE BofAML 3-Month U.S. Treasury Bill Index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income. Index performance is included for illustrative purposes only. It is not possible to invest in an unmanaged index. ⁴ Fund inception is 2/28/19.

Want to know more?

blackrock.com

Important risks: The Fund is a non-diversified, closed-end management investment company that operates as an "interval fund." The Fund has a limited operating history. 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. Principal of mortgage- and asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Bank loans may have limited liquidity and are subject to the credit risk of both the financial institution and the underlying borrower. Collateralized Loan Obligations ("CLOs") are complex instruments that carry additional investment risks, including liquidity and prepayment risk, which may produce unexpected investment results. Investments in private securities are illiquid, can be subject to various restrictions on resale, vary in credit quality and may be subject to leverage risk. Because of the typical longer holding periods of private securities, performance of particular industries or sectors may have an outsized impact on the performance of the Fund. 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. 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. Short-selling entails special risks. If the Fund makes short sales in securities that increase in value, the Fund will lose value. Any loss on short positions may or may not be offset by investing short-sale proceeds in other investments. Investing in alternative strategies such as a long/short strategy, presents the opportunity for significant losses, including the loss of your total investment.

The opinions expressed are those of the Fund's portfolio management team as of June 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.

BlackRock is not making any recommendation or soliciting any action based upon the information contained herein. This information is furnished to you with the express understanding that it does not constitute: (i) an offer, solicitation or recommendation to invest in a particular investment in any jurisdiction; (ii) a means by which any such investment may be offered or sold; or (iii) advice or an expression of BlackRock's view as to whether a particular investment is appropriate for you and meets your financial objectives. You should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains more complete information about the Fund and should be read and considered carefully before investing. Copies of the Fund's prospectus may be obtained by calling 800-882-0052 or from your financial professional.

©2021 BlackRock, Inc. All Rights Reserved. **BLACKROCK** is a registered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. 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

Lit No. CRST-EXP-COM-0621 367050-0121

BlackRock