



**BLACKROCK INVESTMENT MANAGEMENT, LLC**

**PRIVATE INVESTORS SERVICE**

**DISCLOSURE DOCUMENT**

**BlackRock Investment Management, LLC**

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**March 30, 2012**

This wrap fee program brochure provides information about the BlackRock Private Investors Service and relevant qualifications and business practices of BlackRock Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 810-5300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

BlackRock Investment Management, LLC is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about BlackRock Investment Management, LLC ("BIM") also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 MATERIAL CHANGES

Below is a summary of material changes made to this brochure (“Disclosure Document”) since March 31, 2011.

This Disclosure Document has been updated to reflect that on June 1, 2011, BlackRock, Inc. repurchased Bank of America Corporation’s remaining ownership interest in BlackRock, Inc. (the “Transaction”). More information about the Transaction can be found at:

<http://www2.blackrock.com/global/home/News/PressReleases/index.htm> - Press Release Archive

(“BlackRock to Repurchase Shares Held by Bank of America,” dated May 19, 2011). Prior to the Transaction, Bank of America<sup>1</sup> owned approximately 7.1% of the total capital stock of BlackRock, Inc. This Disclosure Document previously described the relationships or arrangements with Bank of America Corporation and its subsidiaries, including Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) and its affiliates, because its initial material interest in BlackRock, Inc. created a possible conflict of interest or the appearance of a conflict of interest between BIM and a client. As a result of the Transaction, Bank of America no longer owns any material interest in BlackRock, Inc. The principal sections that were updated include “*Other Financial Industry Activities and Affiliations*” and “*Conflicts of Interest*” in Item 9 (“ADDITIONAL INFORMATION”).

This Disclosure Document also has been updated to reflect that BIM relocated to 1 University Drive in Princeton, New Jersey in August 2011.

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<sup>1</sup> The shares were owned by and repurchased from Merrill Lynch & Co., Inc., a wholly-owned subsidiary of Bank of America Corporation.

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## **Item 4 SERVICES, FEES AND COMPENSATION**

### **Introduction**

This Disclosure Document is provided pursuant to Rule 204-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in connection with the Private Investors Service (“Private Investors”) offered by BlackRock Investment Management, LLC (“BIM”).

As an investment adviser, BIM manages institutional and retail separate accounts and private investment funds, and acts as sub-adviser for separate accounts and US registered investment companies. BIM is an indirect, wholly-owned subsidiary of BlackRock, Inc. References to “BlackRock” in this Disclosure Document may include BIM and/or any of BIM's affiliates that are under the common control of BlackRock, Inc.

This Disclosure Document addresses Private Investors. BIM also participates as an investment manager in various separately managed account (“SMA”) or “wrap fee” programs sponsored by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) and other firms. This Disclosure Document does not relate to programs or services other than Private Investors. Clients of such other programs should refer to the brochures provided by the program sponsors for more information on such programs.

### ***Description of Private Investors***

#### *Overview*

Through Private Investors, BIM offers a variety of equity, fixed income and multi-discipline investment strategies to individual and institutional separate account clients generally referred by MLPF&S Financial Advisors. BlackRock, Inc. and Merrill Lynch & Co., Inc., an affiliate of MLPF&S and an indirect wholly-owned subsidiary of Bank of America Corporation, are parties to a global distribution agreement that provides for the ongoing distribution by MLPF&S of certain BlackRock products and services, including but not limited to Private Investors. Private Investors clients (“Clients”) grant BIM either discretionary or non-discretionary investment authority at the outset of a Private Investors relationship. Clients selecting equity investment strategies may choose to participate in Private Investors through either a “wrap fee” arrangement, where brokerage commissions related to agency equity security transactions executed by MLPF&S generally are included in the Private Investors fee (the “Wrap Fee Option”), or a “standard fee” arrangement, under which Clients pay brokerage commissions associated with agency equity security transactions executed on their behalf in addition to the Private Investors fee (the “Standard Fee Option”).

Clients selecting the Wrap Fee Option are required in their Private Investors investment management agreements with BIM to direct BIM to utilize the services of MLPF&S to execute equity security transactions for their Private Investors accounts. Although Clients who choose the Standard Fee Option typically direct BIM to utilize the services of MLPF&S to execute equity security transactions, such Clients may request that BIM utilize one or more other broker-dealers to execute such transactions. BIM typically retains discretion for selecting broker-dealers for transactions in fixed income securities, and execution costs incurred in connection with such transactions will be separately charged to the account. These separate charges may be reflected in the cost or proceeds of the securities purchased or sold for the account.

Although Client assets generally are held at, and transactions generally are cleared through, MLPF&S, Clients may choose a different custodian provided that the account size and custodian are acceptable to BIM. In its role as custodian, MLPF&S holds Client funds and securities in its nominee name for the Client's benefit. BIM neither acts as custodian nor has physical custody over Client assets. If a Client selects a custodian other than MLPF&S (and the account size and custodian are acceptable to BIM), the Client's Private Investors assets will be held at such other custodian as agreed upon between the

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relevant parties. Custodians, including MLPF&S, may charge custodial or other account-related fees that are separate from and in addition to any Private Investors fee paid to BIM.

### *Wrap Fee Option*

As noted above, if a Client selects the Wrap Fee Option for its account (referred to herein as a "Wrap Fee Account"), BIM requires the Client to direct BIM to use MLPF&S' execution services for purchases and sales of equity securities in the account as the Private Investors fee covers most execution charges for equity trades executed through MLPF&S (although as discussed below under "*Description of Private Investors Fees*", certain execution charges for transactions effected through MLPF&S, such as dealer mark-ups or mark-downs, odd-lot differentials, transfer taxes, handling charges, exchange fees, wire transfer fees, offering concessions, related fees for purchases of public and private offerings of securities, other miscellaneous charges and other charges imposed by law are not included in the Private Investors fee).

BIM's investment management agreements with Clients typically permit BIM to place transactions in equity securities for Wrap Fee Accounts through brokers or dealers other than MLPF&S if and when MLPF&S is unable to effect a particular transaction. In determining the broker or dealer through which to execute such transaction, BIM may consider all relevant factors discussed below under "*Standard Fee Option*". However, BIM is not obligated to solicit competitive bids for such transaction or to seek the lowest available commission cost, so long as it reasonably believes that the broker-dealer selected can be reasonably expected to provide best execution under the circumstances and it determines in good faith that the commission cost is reasonable in relation to the value of the brokerage and, where applicable, research services provided.

### *Standard Fee Option*

Clients selecting the Standard Fee Option who direct BIM to effect equity security transactions with MLPF&S (or other designated broker) are solely responsible for negotiating the commission rates payable in connection with such transactions, because BIM generally does not negotiate commission rates on behalf of such Clients. When BIM's discretion has been limited by a client-directed brokerage arrangement, BIM effects investment transactions through the Client's designated firm at the commission rates agreed to by the Client directly with the firm or at the firm's standard rate if no specific rate has been negotiated. As discussed below under "*Solicitations by MLPF&S of Private Investors Clients*", such rates may not be the lowest available rates and may not be as low as the rate BIM might have obtained if BIM had discretion to select the brokerage firm for the transaction.

When BIM has the authority to select brokers or dealers to execute transactions for Private Investors Clients, BIM seeks to obtain the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commission or spread). In so doing, BIM considers all factors it deems relevant. Such factors may include, but are not limited to: (i) the size, nature and character of the security or instrument being traded and the markets on which it is purchased or sold; (ii) the desired timing of the transaction; (iii) BIM's knowledge of expected commission rates and spreads currently available; (iv) the activity existing and expected in the market for the particular security or instrument; (v) the full range of brokerage services provided; (vi) the broker's or dealer's capital strength and stability, as well as its execution, clearance and settlement capabilities; (vii) the quality of the research and services provided; (viii) the reasonableness of the commission or its equivalent for the specific transaction; and (ix) BIM's knowledge of any actual or apparent operational problems of a broker or dealer. BIM does not consider a broker's or dealer's sales of BlackRock-managed mutual fund shares when determining whether to select such broker or dealer to execute transactions. BIM may utilize the services of broker-dealers affiliated with BlackRock or MLPF&S to the extent consistent with applicable law and BIM's relevant fiduciary obligations.

BIM also may direct a broker to execute a trade and "step out" a portion of the commission in favor of another broker that provides brokerage or research related services to BIM as described above. BIM also may use step out transactions in fulfilling a client-directed brokerage arrangement. However, BIM will not

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use step-out transactions and similar arrangements or use any brokerage to compensate selling brokers for their mutual fund or other sales efforts.

### *Implications of Directed Brokerage and Non-Discretionary Arrangements*

Clients should be aware that in directing BIM to use MLPF&S (or another broker-dealer, if agreed to with a Client selecting the Standard Fee Option), BIM may not be in a position to obtain volume discounts on aggregated orders, or to select brokers or dealers on the basis of best price and execution. In addition, execution of orders for such accounts may be delayed, since BIM may fill directed trades after block trading activity is completed for accounts with respect to which BIM has discretion to select broker-dealers. As a result, directed brokerage transactions may result in higher commissions, greater spreads or less favorable execution on some transactions than would be the case if BIM were free to choose the broker or dealer. Furthermore, if the brokerage firm to which BIM is directed by the Client to execute trades is not on BIM's approved list of brokers, the Client may be subject to additional counterparty credit and settlement risk.

If a Client has retained BIM to manage its account(s) on a non-discretionary basis ("Non-Discretionary Clients"), BIM generally must obtain approval from the Client prior to effecting investment transactions on its behalf (unless otherwise agreed to with the Client). Non-Discretionary Clients may not receive notification of proposed trades from BIM and/or may not provide consent to such trades until after BIM's discretionary accounts have finished trading. Therefore, Non-Discretionary Clients may not benefit from aggregated or "bunched" orders, and may have execution of orders delayed, which may result in their accounts receiving a price that is less favorable than that obtained for discretionary accounts. In addition, Non-Discretionary Clients may be precluded from participating in certain investment opportunities that are available to discretionary Clients if BIM were unable to obtain the Client's consent in a timely fashion. As a result of these and other factors, the performance of non-discretionary accounts may differ from (and be better or worse than) the performance of discretionary accounts following the same investment strategy.

### ***Private Investors Fees***

#### *Description of Private Investors Fees*

As noted above, Clients selecting an equity investment strategy may choose either the Wrap Fee Option or the Standard Fee Option. Although the Private Investors fee applicable to an equity investment strategy varies between the two options, in either case, and in the case of a fixed income investment strategy, the Private Investors fee typically is based on a percentage of a Client's assets under management at market value on the appraisal date, except for investments in certain hedge funds and similar pooled vehicles which typically are not subject to the Private Investors fee but are subject to any fees and expenses charged by such vehicles, which could be higher than the Private Investors fee. Clients generally may negotiate the Private Investors fee applicable to their accounts.

The Private Investors fee includes investment management by BIM, performance reporting and, if requested by the Client, assistance in reviewing investment objectives and selecting an investment strategy. Since BIM is both the sponsor of Private Investors and sole investment manager for Private Investors accounts, BIM does not pay any portion of the Private Investors fee it collects from clients to other investment managers. Custodial and other account-related fees charged by the custodian typically are not included in the Private Investors fee and will be charged to Private Investors accounts separately by the custodian. If a Client chooses the Wrap Fee Option, the Private Investors fee also includes most execution charges for equity security transactions executed through MLPF&S. However, the Private Investors fee does not cover transaction charges on trades effected through or with a broker-dealer other than MLPF&S (or its affiliates), mark-ups or mark-downs by such other broker-dealers, transfer taxes, margin interest, exchange or similar fees (such as for American Depositary Receipts) charged by third parties including issuers and the SEC, electronic fund, wire and any other account transfer fees, and any other charges imposed by law or otherwise agreed to with respect to the account. In addition, the Private Investors fee does not cover the Client's pro rata share of the fees, expenses and/or transaction charges

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associated with or incurred by any mutual fund, exchange-traded fund or other pooled investment vehicles in which the account invests (although, as discussed below, BIM may reduce the Private Investors fee for certain accounts in connection with investments in certain affiliated mutual funds and exchange-traded funds). Clients will pay the public offering price on securities purchased from an underwriter or dealer involved in a distribution.

When MLPF&S executes transactions in foreign ordinary securities outside of the United States, it may use the services of foreign firms, which may handle a client's order as agent and assess a commission charge, or may transact as principal and receive a dealer spread or mark-up/down. Additionally, to the extent a foreign currency conversion transaction is required to facilitate trade settlement, the foreign firm effecting the currency conversion will be remunerated in the form of a dealer spread or mark-up/down. The commission charges and/or dealer spreads of other broker-dealers may also accrue when foreign issuers terminate an American Depositary Receipt ("ADR") facility, thereby necessitating conversion of ADRs to foreign ordinary share form. In such circumstances, the price obtained for the post-ADR security may be less beneficial to Clients than if the ADR remained intact. The foregoing commission charges and/or dealer spreads associated with transactions in foreign securities are factored into the net price for such securities and are not included in the Private Investors fee.

Selection of the Wrap Fee Option may ultimately result in a higher or lower cost to the Client than had the Client selected the Standard Fee Option (and paid commissions on agency equity security transactions), depending on the level of trading in the account and the Private Investors fee and brokerage commissions the Client would have paid under the Standard Fee Option. Clients should consider the amount of anticipated trading activity and their applicable commission rate when assessing the overall cost of Private Investors and determining which fee option to select. "Wrap fees" typically assume a normal and consistent amount of trading activity, and, therefore, under particular circumstances, a prolonged period of inactivity may result in higher fees than if commissions were paid separately for each transaction. The Wrap Fee Option could be more economical if active trading is anticipated.

From time to time, BIM may invest Client assets in certain mutual funds, exchange-traded funds ("ETFs"), hedge funds (provided that the Client meets relevant eligibility requirements imposed by BIM, the Client's custodian and/or the particular hedge fund) or other pooled investment vehicles (collectively, "Funds"), including, as permitted by law, those with respect to which BIM or its affiliates may receive fees or compensation or otherwise have a financial interest ("Affiliated Funds"). Assets held in Funds are subject to advisory fees and various other fees and expenses described in the Fund's prospectus, which the Fund pays but which Clients ultimately bear as shareholders. Accordingly, Clients will in effect pay two fees with respect to their Private Investors assets that are held in a Fund. To the extent required by law, the Private Investors fee paid by certain retirement accounts that invest in Affiliated Funds through Private Investors will be reduced by the relevant account's pro rata share of any management fees paid by the Fund to BlackRock as a result of such investment. In addition, BIM, at its sole discretion, and in order to avoid duplication of fees, may elect to waive all or a portion of the Private Investors fee with respect to any assets of a Client invested in Affiliated Funds.

### *Calculation of Private Investors Fees, Minimum Fees and Account Sizes*

The typical fee schedules for Private Investors are set out below. Fees and minimum account sizes can vary from the fee schedules below and may be negotiated based upon factors that include, but are not limited to: (i) the amount and/or composition of the assets in the Client's account(s); (ii) the number of accounts and/or total amount of assets that the Client has with MLPF&S, BIM and/or their affiliates; (iii) the range and extent of services provided to the Client; and (iv) whether the Client is an employee of BIM, MLPF&S or an affiliate of either firm. Moreover, Private Investors fees, minimum account sizes and other account requirements may vary as a result of prior policies and the date the relevant account opened, or if account assets are held by custodians other than MLPF&S. Certain surcharges may apply for Clients requesting non-discretionary management.

Fees generally are calculated and payable quarterly and in advance of the rendering of services (except as separately negotiated or as otherwise noted herein). Most Clients elect to pay fees by authorizing their

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custodian (typically MLPF&S) to pay BIM out of their Private Investors account assets. However, some Clients elect to pay fees from outside of the Private Investors account and such Clients should note that their investment management agreement with BIM may authorize MLPF&S (or other custodian) to pay the Private Investors fee from the Private Investors account(s) or any other account, to the extent permitted by law, if full payment has not been timely received by BIM or, if earlier, at the termination of the Client's investment management agreement with BIM. In such cases, if money market fund shares or other cash assets in the account(s) are insufficient to pay fees due, BIM will instruct the custodian to sell or liquidate account assets to cover the Private Investors fee.

Private Investors accounts generally are subject to a minimum fee, determined by applying the Client's fee schedule to the applicable minimum account size. If BIM manages multiple accounts for a Client (or a group of related Clients), then BIM may permit the assets of such accounts to be aggregated for purposes of taking advantage of available breakpoints.

The following fee schedules and minimum account sizes currently apply:

### A. Equity, Balanced and Wealth Diversified Portfolios

**Wrap Fee Option** (No commissions will be charged on equity trades executed by MLPF&S)

	Annual Rate
First \$ 500,000 . . . . .	2.50%
Next \$ 500,000 . . . . .	2.00%
Next \$ 2,000,000 . . . . .	1.50%
Next \$ 7,000,000 . . . . .	1.00%
Next \$40,000,000 . . . . .	0.50%
Value in excess of \$50,000,000 . . . . .	Negotiable

<b>Minimum Portfolio Size (unless otherwise stated below):</b>	<b>\$ 250,000</b>
Minimum Wealth Diversified Portfolio ("WDP") Size:	\$ 350,000
Minimum Strategic WDP or Balanced with Municipal Securities Portfolio Size:	\$ 500,000
Minimum Tactical Wealth Diversified Portfolio with Municipal Securities Size:	\$1,000,000

**Standard Fee Option** (Not available for Wealth Diversified Portfolios)

	Annual Rate
First \$ 1,000,000 . . . . .	1.00%
Next \$ 2,000,000 . . . . .	0.75%
Next \$ 7,000,000 . . . . .	0.60%
Next \$40,000,000 . . . . .	0.45%
Value in excess of \$50,000,000 . . . . .	Negotiable

**Minimum Portfolio Size: \$1,000,000**

### B. Fixed Income Portfolios

	Annual Rate
First \$ 1,000,000 . . . . .	0.90%
Next \$ 2,000,000 . . . . .	0.75%
Next \$ 2,000,000 . . . . .	0.60%
Next \$ 5,000,000 . . . . .	0.525%
Next \$10,000,000 . . . . .	0.45%
Next \$30,000,000 . . . . .	0.375%
Value in excess of \$50,000,000 . . . . .	Negotiable

**Minimum Portfolio Size (unless otherwise stated below): \$ 500,000**



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Minimum Global Fixed Income Portfolio Size: \$1,000,000

### C. Multi-Strategy Fixed Income Portfolios

For accounts up to \$5 million, the following fee schedule applies:

	Annual Rate
First \$500,000 .....	1.50%
Next \$500,000 .....	1.25%
Next \$4,000,000 .....	1.05%

For accounts over \$5,000,000, one fee rate applies to all assets in the account as follows:

	Annual Rate
\$5-10 Million .....	1.05%
\$10-15 Million .....	1.02%
\$15-20 Million .....	0.98%
\$20-25 Million .....	0.95%
Over \$25 Million .....	Negotiable

**Minimum Portfolio Size: \$500,000**

### D. IRC Section 1042 Qualified Replacement Property Investment Portfolios

**This investment strategy is not available for new accounts, and only the Wrap Fee Option is available for this strategy.**

***Wrap Fee Option*** (No commissions will be charged on equity trades executed by MLPF&S)

	Annual Rate
First 12 months from the effective date of BIM's appointment as investment manager of the account .....	1.75%
Thereafter .....	0.75%

**Minimum Portfolio Size: \$1,000,000**

#### *Payment of Referral Fees to MLPF&S*

As discussed below under “*Client Referrals and Other Compensation*”, MLPF&S Financial Advisors and/or other MLPF&S employees generally receive compensation from BIM in connection with a Client's participation in Private Investors. Such employees generally also receive compensation from MLPF&S based on the commissions paid by Clients who select the Standard Fee Option in connection with equity security transactions executed by MLPF&S. The amount of compensation paid to MLPF&S employees whose clients retain BIM to manage their assets under the Wrap Fee Option may be more than what the employees would receive if the clients had paid separately for advisory, brokerage and other services. Therefore, MLPF&S employees may have a financial incentive to recommend the Wrap Fee Option over the Standard Fee Option, and/or recommend Private Investors over other investment programs and services available through MLPF&S.

## Item 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

BIM's clients may include, but are not limited to, high net worth individuals, profit sharing plans, pension funds and other retirement accounts, charitable and endowment organizations, government entities, investment companies, corporations and other institutions (both taxable and tax-exempt), trusts and estates. Depending on the country of residence or domicile, Private Investors and/or certain investment strategies may not be available to certain prospective clients residing outside of the United States, and such clients should contact MLPF&S or BIM for more information. To enroll in Private Investors, BIM generally requires a minimum investment of at least: (i) \$250,000 for equity investment strategies with the Wrap Fee Option; (ii) \$1,000,000 for equity investment strategies with the Standard Fee Option; and (iii) \$500,000 for fixed income investment strategies. Since higher minimums may be required for certain investment strategies, please see "*Calculation of Private Investors Fees, Minimum Fees and Account Sizes*" above for more information on the minimum account sizes applicable to the various investment strategies available in Private Investors.

### *Funding Client Accounts*

Clients may fund their Private Investors accounts with cash and, subject to BIM's acceptance and discretion, certain securities. BIM may refuse to accept the contribution of any securities in its sole discretion. In circumstances in which securities are accepted, BIM may, at its discretion, sell, liquidate or otherwise dispose of some or all of the securities, which may cause Clients to recognize taxable gains (or losses) and, with respect to certain mutual funds, be subject to deferred sales charges. Clients wishing to hold certain securities that are not subject to BIM's supervision (whether for tax, investment or other purposes) should consider holding them in separate accounts outside of their Private Investors accounts.

At the discretion of BIM, there may be a delay in the investment of cash (or the proceeds of any sales of securities) that a Client contributes to an account. This period of delay may be greater for investments in fixed income securities due to the nature of the fixed income markets.

### *Client Information*

To help the United States government fight the funding of terrorism and money laundering activities, BIM may seek to obtain, verify, and record information that identifies prospective clients who want to enroll in Private Investors. When a prospective client seeks to open an account with BIM, BIM may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow BIM to identify the client. BIM may ask for information and documentation regarding source of funds to be invested. BIM also reserves the right to ask for more information regarding the individuals who are beneficial owners of the client and/or exercise control over the client. BIM may ask for the names of such beneficial owners and may also ask for address, date of birth, and other information that will allow BIM to identify such beneficial owners. BIM may also request such other information as may be necessary to comply with applicable law. Furthermore, BIM may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on the client's behalf. For certain prospective clients, BIM may rely on the client's custodian (such as MLPF&S) to obtain, verify and record the required information.

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

Certain “wrap fee” programs allow clients to select one or more participating portfolio management firms to manage their accounts, and the program sponsor typically is responsible for monitoring and evaluating such firms. In Private Investors, however, BIM is the investment manager for all accounts and therefore does not evaluate, recommend or review the performance of other investment managers for Private Investors clients.

### ***Selection of an Investment Strategy for a Private Investors Account***

BIM generally provides investment management services to a Client in accordance with the investment strategy selected by the Client at the outset of the Private Investors relationship, and any investment restrictions or guidelines requested by the Client that are accepted by BIM. Clients generally must complete BIM’s standard Private Investors account documentation (the “Account Documentation”), which includes a questionnaire to ascertain the Client’s investment objectives and tolerance for risk in order to determine the Client’s “investment profile” with respect to the account (e.g., Capital Preservation, Income & Growth or Aggressive Growth). The investment strategies offered through Private Investors include equity, fixed-income and multi-discipline (or “multi-style”) investment strategies (each an “Investment Strategy” and collectively, “Investment Strategies”). Each available Investment Strategy (and its corresponding investment profile) is listed in the Account Documentation, and additional information on each Investment Strategy is available from MLPF&S or BIM. Clients may select one or more Investment Strategies and, in certain circumstances, may, upon the approval of BIM, select a customized investment strategy that is not among the Investment Strategies normally offered through Private Investors. A new account is established with BIM for each Investment Strategy that a Client selects (each, a “Private Investors Account” or an “Account”). In each case, investment advice related to the Investment Strategies is developed and provided by BlackRock portfolio management personnel.

When a Client grants BIM discretionary investment authority over its Account(s), BIM, as the Client’s agent and attorney-in-fact, will buy, sell or otherwise trade securities in the Account(s), in accordance with the selected Investment Strategy, subject to any reasonable restrictions imposed by the Client and other relevant individual circumstances, without discussing these transactions with the Client in advance. Investments held in Private Investors Accounts may include but are not limited to stocks, bonds, options, warrants, rights, derivatives and other securities and instruments (collectively, “Individual Securities”). In addition, in accordance with a Client’s chosen Investment Strategy and as discussed above under “*Description of Private Investors Fees*” and below under “*Investment in Affiliated Funds*”, BIM may invest all or a portion of an Account in Funds, including but not limited to Affiliated Funds. Clients generally are responsible for selecting the deposit account, money market fund or other “cash sweep” vehicle into which any residual cash in the Account will be invested.

Investment Strategies available through Private Investors include: (i) “Equity Strategies”, which generally allocate assets to one equity investment style (e.g., growth equity); (ii) “Fixed Income Strategies”, which generally allocate assets to one fixed income investment style (e.g., low duration municipal); and (iii) “Balanced Strategies” or “Multi-Style Strategies”, which generally allocate assets to a combination of multiple investment styles. Each investment style utilized in a Multi-Style Strategy generally will allocate assets to one or more investment disciplines (e.g., equity dividend), each of which may invest in Individual Securities and/or Funds. As noted in the Account Documentation, for certain investment styles utilized in certain Multi-Style Strategies, the Client may be able to select from a menu of available investment disciplines. For certain other Multi-Style Strategies, BIM has sole discretion to select the investment disciplines utilized for each investment style.

Certain Investment Strategies may invest in securities that are not traded in US markets. As a result, certain securities may be subject to state or territory registration requirements. If a security BIM wishes to purchase for Private Investors Accounts is not registered or exempt from registration in a particular state

or territory, it may not be possible to purchase that security for residents of that state or territory, which could affect portfolio composition, diversification and performance.

### ***Management of Private Investors Accounts***

Each Equity Strategy generally is managed by a portfolio management team (“Strategy Management Team”) that develops and maintains a model portfolio of securities (each a “Target Portfolio”) for the relevant Equity Strategy. As a result, subject to any reasonable restrictions that Clients may impose on the management of their Accounts, each Account in a particular Equity Strategy is expected to hold similar securities in similar weightings. The particular securities included in a Target Portfolio (and/or their percentage weightings) will change from time to time as discussed below under “*Management of Accounts Employing Equity Strategies*”. Each Fixed Income Strategy generally is managed by a Strategy Management Team that develops and maintains general guidelines (“Model Guidelines”) for the relevant Fixed Income Strategy. The Model Guidelines may specify particular securities or may specify guidelines for, among other things, the asset class, issuer, duration, maturity and/or credit quality of fixed income investments, and will change from time to time as discussed below under “*Management of Accounts Employing Fixed Income Strategies*”. For each Investment Strategy, the Private Investors portfolio management team assigned to the Account (“PI Portfolio Management Team”) generally implements trades for the Account (i.e., submits trade orders for the Account to the relevant BlackRock trading desk) in accordance with the Target Portfolio(s) and/or Model Guidelines received from the Strategy Management Team(s), subject to any reasonable restrictions imposed by the Client on the management of the Account. A PI Portfolio Management Team typically is assigned to an Account based on one or more factors including, but not limited to, the geographic location of the Client (and/or the Client’s MLPF&S Financial Advisor), the size of the Account, the Investment Strategy selected by the Client and/or the number and types of restrictions the Client has imposed on the management of the Account. PI Portfolio Management Teams typically do not exercise separate investment discretion in selecting investments for Accounts, except as may be appropriate to, among other things, comply with Client-imposed restrictions and guidelines, engage in certain tax-related trades, or comply with “Blue Sky” or other applicable laws which from time to time may restrict investment in certain securities contained in Target Portfolios or Model Guidelines. BIM does not provide tax advice and Clients should consult with their professional tax advisors regarding the tax consequences that may be associated with Private Investors. A Strategy Management Team also may serve as the PI Portfolio Management Team for certain Investment Strategies and/or Accounts.

### ***Management of Accounts Employing Equity Strategies***

Because BIM offers a variety of Equity Strategies through Private Investors, including strategies that focus on US, international and global equity markets, BlackRock’s various Strategy Management Teams manage several distinct Equity Strategies, each of which benefits from shared information across teams. The Strategy Management Teams are held accountable through a single reporting chain, and are supported by BlackRock’s resources worldwide. For each Equity Strategy, the relevant Strategy Management Team creates and maintains a Target Portfolio, to which securities are added and from which securities are removed from time to time. The Target Portfolios are provided to PI Portfolio Management Teams, which implement trades for Accounts employing a particular Equity Strategy in accordance with the Target Portfolio associated with such Strategy, subject to any reasonable restrictions imposed by Clients on the management of their Accounts. Therefore, Accounts following the same Equity Strategy are expected to be invested in the same securities; however, the composition of Accounts following the same Equity Strategy may differ for a variety of reasons including, but not limited to, the timing of Client investments and any Client-imposed restrictions and guidelines. The particular securities that comprise a Target Portfolio for an Equity Strategy (and/or their percentage weightings) will change from time to time at the discretion of the relevant Strategy Management Team based on market and other considerations.

*Management of Accounts Employing Fixed Income Strategies*

Strategy Management Teams responsible for managing Fixed Income Strategies generally employ an active investment style that emphasizes: rotation among different types of debt on a relative value basis; specific security selection; quantitative analysis of each security, the relevant Strategy and Accounts being managed in accordance with the Strategy; and intensive credit analysis and review. For each Fixed Income Strategy, the relevant Strategy Management Team creates and maintains certain generally applicable Model Guidelines that may specify particular securities or may specify guidelines for, among other things, the asset class, issuer, duration, maturity and/or credit quality of fixed income securities that may be held in an Account following such Fixed Income Strategy. The Model Guidelines are provided to PI Portfolio Management Teams, which implement trades for Accounts employing a particular Fixed Income Strategy in accordance with the Model Guidelines associated with such Strategy, subject to any reasonable restrictions imposed by Clients on the management of their Accounts. Private Investors Accounts employing the same Fixed Income Strategy, particularly one that contemplates investment in municipal securities, often may not hold all of the same fixed income securities. However, such Accounts generally are expected to be invested in fixed income securities with similar characteristics consistent with the applicable Model Guidelines. The composition of Accounts following the same Fixed Income Strategy also may differ due to the timing of Client investments and any Client-imposed restrictions and guidelines. The Model Guidelines applicable to any particular Fixed Income Strategy will change from time to time at the discretion of the relevant Strategy Management Team based on market and other considerations. In determining the Model Guidelines for a Fixed Income Strategy, the Strategy Management Team may rely on certain opinions expressed during BlackRock's weekly market outlook meeting. During this meeting, various BlackRock investment professionals evaluate macroeconomic conditions, central bank activity, technical market factors, yield curve, volatility and credit trends in order to develop opinions on the risks inherent in different types of debt, including liquidity, credit and relative interest rate risk. The Strategy Management Team typically considers these opinions along with the investment objectives applicable to the relevant Fixed Income Strategy in connection with its determination of the Model Guidelines for such Strategy.

*Management of Accounts Employing Multi-Style Strategies*

As noted above, Multi-Style Strategies allocate assets among multiple investment styles (which may utilize one or more investment disciplines, each of which may invest in Individual Securities and/or Funds). Each Account following a Multi-Style Strategy is managed by a PI Portfolio Management Team which implements trades for the Account in accordance with the particular Strategy's Target Allocations and Target Allocation Percentages (defined below), and, if applicable to the particular Strategy, the Target Portfolios and/or Model Guidelines maintained for the investment disciplines utilized by such Strategy.

The particular investment styles and disciplines utilized in each Multi-Style Strategy (the "Target Allocations") and the percentage of assets allocated to each investment style and discipline (the "Target Allocation Percentages") generally are determined by various investment management personnel of BlackRock. As noted above, however, for certain investment styles utilized in certain Multi-Style Strategies, a Client may be able to select from a menu of available investment disciplines. Strategies identified (in the Account Documentation) as "Balanced" or "Strategic" generally are expected to maintain long-term, static Target Allocations and Target Allocation Percentages to correspond to the particular Strategy's investment profile, and BIM periodically will rebalance Accounts following such Strategies to address deviations from the relevant Target Allocation Percentages. The Target Allocation Percentages for Strategies identified as "Tactical" are dynamic and fluctuate daily with market movements until BlackRock establishes new allocation percentages for Accounts following such Strategies. Target Allocations and Target Allocation Percentages are monitored periodically by BlackRock to ensure that they remain appropriate in light of the investment profile associated with the particular Multi-Style Strategy, market conditions and/or BlackRock's then-current views of market cycles. Although BlackRock may change a Multi-Style Strategy's Target Allocations and Target Allocation Percentages in its sole discretion at any time, such changes are expected to occur more frequently with "Tactical" Strategies than with "Strategic" Strategies.

### *Reasonable Restrictions*

BIM will comply with any reasonable restrictions that a Client chooses to impose on the management of an Account. (As noted below, such restrictions will not apply with respect to investments made by any Funds held in the Account.) Reasonable restrictions may include prohibitions with respect to the purchase or sale of particular securities or categories of securities, or instructions to utilize a particular investment discipline or invest in a particular security (including but not limited to a Fund). If BIM, in its sole discretion, believes that a proposed restriction is unreasonable or inappropriate for a particular Client or Account, BIM will notify the Client that, unless those restrictions are modified, BIM may not accept (or may terminate) the Account. Clients should understand that: (i) any restrictions they impose may cause the performance of their Accounts to differ from the performance of other Accounts following the same Investment Strategy that do not have such restrictions; and (ii) Accounts with significant restrictions may be traded after block trading activity is completed for unrestricted Accounts following the same Investment Strategy, potentially resulting in higher commissions, greater spreads and/or less favorable execution.

Investments made by Funds are subject to the investment restrictions described in the applicable Fund's prospectus or other offering document and restrictions imposed by applicable law. As a result, any restrictions that a Client places on the management of its Account do not operate to restrict investments made by a Fund that may be held in that Account. However, for certain Investment Strategies, Clients may choose which Fund(s) should be purchased for, or restricted from, their Accounts. Clients should contact their MLPF&S Financial Advisor or PI Portfolio Management Team for more information on the Funds in which their Accounts may invest.

### *Side-by-Side Management of Private Investors Accounts and Other Accounts*

In addition to Private Investors Accounts, BIM and its affiliates also manage other accounts including but not limited to institutional accounts and Funds. An institutional client typically consults with BlackRock at the outset of the adviser-client relationship to establish customized investment guidelines applicable to BlackRock's management of the client's account, and such guidelines may vary significantly among institutional accounts with the same investment objective. As discussed above, a Private Investors Client typically selects (in its Account Documentation) an Investment Strategy for BIM to utilize in connection with its management of the Client's Account, and Private Investors Accounts following the same Investment Strategy typically are managed by BIM in accordance with a Target Portfolio (for equity securities) or Model Guidelines (for fixed income securities), subject to any reasonable investment restrictions imposed by Clients. Therefore, Private Investors Accounts following the same Investment Strategy typically hold the same or similar securities. In addition, BIM typically effects equity transactions for Private Investors Accounts with the Client's designated broker-dealer (typically MLPF&S), whereas BlackRock usually effects equity transactions for institutional accounts and Funds with a variety of broker-dealers.

Side-by-side management by BlackRock of Private Investors Accounts, institutional accounts and Funds may also raise potential conflicts of interest, including those associated with any differences in fee structures. Private Investors Accounts and mutual funds, for example, generally pay management fees based on a fixed percentage of assets under management, whereas institutional accounts and private funds may often have more varied fee structures, including a combination of asset- and performance-based compensation. The prospect of achieving higher compensation from a private fund or institutional account than from a Private Investors Account or mutual fund may provide the applicable BlackRock investment adviser incentive to favor the private fund or institutional account over the Private Investors Account or mutual fund when, for example, placing securities transactions that the applicable BlackRock investment adviser believes could more likely result in favorable performance or engaging in cross trades. Similarly, BlackRock or its affiliates or employees may have a significant proprietary investment in a fund or account, and a BlackRock investment adviser may have an incentive to favor such a fund or account to the detriment of other funds or accounts. To mitigate these conflicts, BlackRock's policies and procedures stress that investment decisions are to be made in accordance with the fiduciary duties owed to its client

accounts and without consideration of BlackRock's (or its personnel's) pecuniary, investment or other financial interests.

#### *Placement of Trade Orders*

BIM may take a position for a Client in a security contrary to the position held in the same security (e.g., a short versus a long position) by its other client accounts ("Other Accounts"). BIM will attempt to ensure that all such transactions are executed in a fair and equitable manner consistent with the investment objectives of client accounts. All such transactions will be effected in accordance with applicable law, including the Advisers Act, the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

BIM has adopted policies that are intended to ensure that investment opportunities are allocated fairly and equitably among all of BIM's client accounts, including Private Investors Accounts, over time. The policies also seek to achieve reasonable efficiency in client transactions and provide portfolio management teams with sufficient flexibility to allocate investments in a manner which is consistent with the particular investment discipline and client base.

Orders for purchase or sale of securities will be executed within a reasonable amount of time following receipt. To the extent that orders for Private Investors Accounts are submitted independently of orders for Other Accounts, BIM or one of its affiliates may purchase or sell the same securities or instruments for a number of client accounts simultaneously. These accounts may include pooled vehicles, including partnerships, limited liability companies, and investment companies for which BIM or one of its affiliates acts as investment manager, and in which BIM, its officers, employees and related persons may have a financial interest, and accounts of pension or other plans covering employees of BIM.

Orders for a Private Investors Account, while generally aggregated with orders for other Private Investors Accounts employing the same Investment Strategy, typically are not aggregated with transactions for institutional accounts or Funds and may take more time to complete than those effected for institutional accounts or Funds. This is, among other things, because: (i) transactions for Private Investors Accounts involve substantially greater numbers of accounts than transactions for institutional accounts or Funds and therefore require the use of specialized trading systems to determine the quantity of securities being purchased or sold by each Account and which record and confirm each transaction at the individual account level; and (ii) equity transactions for Private Investors Accounts typically are directed by Clients to be executed through MLPF&S.

In the event that PI Portfolio Management Teams and portfolio managers for institutional accounts or Funds submit trade orders for execution for the same securities at or about the same time, BIM will determine, based on trading volume, market conditions, and other appropriate factors, including the administrative overhead associated with effecting trades for Private Investors Accounts, the order in which such transactions will be entered. Factors considered may include relative size of the transactions, liquidity, and trading volume of the securities involved, and the length of time needed to complete the respective transactions. Taking into account these factors, BIM will seek to ensure that such decisions are made in a manner that ensures overall fair and equitable treatment of all clients over time. Once the order in which transactions will be effected for a particular group has been determined, BIM may complete transactions for one group before commencing transactions for the other.

Thus, trades may be effected on behalf of an Other Account at a different time than the corresponding trades are effected on behalf of Private Investors Accounts and Private Investors Account trades may "wait behind" block trades executed for BIM's Other Accounts. In such circumstances, a Private Investors Account may receive an execution price that varies from (and may be less favorable than) the price received by such Other Accounts. In these circumstances, the market price of those securities may rise or fall before a Private Investors trade is executed (and, in certain circumstances, as a direct result of other trades placed by, or on the advice of, BIM), causing Clients to purchase the same securities at a higher price (or sell the same securities at a lower price) than if they did not participate in Private Investors.

When deemed appropriate by BIM, orders for the same security placed by the same trading desk may be aggregated or “bunched” to facilitate best execution or to reduce brokerage commissions or other costs (including market impact costs). BIM effects bunched transactions in a manner intended to ensure that no participating account, including any proprietary account of BIM, is favored over any other account. When an aggregated order is filled in its entirety, each participating account generally will receive the average price obtained on all such purchases or sales with respect to such order. When an aggregated order is partially filled, the securities purchased or sold will generally be allocated pro rata among participating accounts, although from time to time other allocation methodologies may be utilized (such as random or rotational allocations) where BIM deems that such other methodology is prudent and fair and equitable over time. Each account generally will receive the average price obtained on all such purchases or sales with respect to an aggregated order.

Allocations of partially filled orders are made subject to any limits or restrictions on the amount of such security which may be purchased by an account and other appropriate factors. In such cases, BIM may increase or decrease the amount of securities that otherwise would have been allocated to each account by allocating the securities in a manner that BIM, in its discretion, deems fair and equitable to clients over time.

In connection with trade execution for Private Investors Accounts, MLPF&S or its affiliates may from time to time act as agent or, where permitted by law, principal (including instances where MLPF&S or an affiliate may act as underwriter or a selling group member) or market maker. In certain circumstances, securities purchased from or sold to MLPF&S or its affiliates as principal or market maker may include an additional mark-up or mark-down. Clients should be aware that MLPF&S does not have discretionary management authority over their Accounts and effects transactions only as instructed by BIM. MLPF&S is under no obligation to execute any transaction that it is not qualified to execute or that it believes would violate any applicable state or federal law, rule or regulation, or any rule or regulation of any regulatory or self-regulatory body of which MLPF&S is a member at the time of the proposed transaction.

#### *Investment in Affiliated Funds*

BIM serves as both the sponsor of the Private Investors and as the sole investment manager for Private Investors Accounts. As noted above, BIM, where appropriate and in accordance with applicable law, may purchase on behalf of Clients shares of Funds from which BIM or one of its affiliates receives fees for providing investment advisory and/or other services to the Funds (such Funds are referred to herein as “Affiliated Funds”). As a shareholder in a Fund, a Client will pay a proportionate share of the Fund’s fees and expenses. Investment by a Client in an Affiliated Fund means that BIM or its affiliates may receive advisory or other fees from the Fund in addition to the fees BIM will receive from the Client for managing the Client’s Account. As a result, and as discussed below under “CONFLICTS OF INTEREST – BlackRock’s Registered Investment Companies, Private Funds and Other Investment Products”, BIM has a conflict of interest when recommending or purchasing shares of an Affiliated Fund for an Account. However, BIM may, at its sole discretion, reduce a Client’s Private Investors fees by the Account’s pro rata share of certain Fund fees and expenses when the Account is invested in Affiliated Funds. Additionally, certain Funds in which Accounts may invest, such as Funds specifically tailored to investment programs such as Private Investors, do not charge fees (or their fees are waived or reimbursed by the Fund’s investment manager), and/or are only eligible for investment by separate accounts managed by BlackRock (such as Private Investors Accounts). Such Fund shares will be redeemed upon the termination of BlackRock’s management.

#### ***Brief Discussion of Risks***

Private Investors Accounts are subject to various investment risks, some of which are described below. Certain risks apply specifically to particular Investment Strategies or investments in different types of securities or other investments that Clients should be prepared to bear. The risks involved for Clients will vary based on the applicable Investment Strategy and the type of securities or other investments held in the Account. Accounts are not bank accounts and are neither guaranteed nor insured. It is possible that a



Client could lose its entire investment. The principal investment risks of investing in a Fund held in an Account are described in the Fund's prospectus. The following are the various primary risks associated with the Investment Strategies currently available to Private Investors Clients. Not all possible risks are described below.

Issuer Risk - An Account's performance depends on the performance of individual securities in which the Account invests. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or even become worthless.

Equity Securities Risk - Equity securities are subject to changes in value and their values may be more volatile than other asset classes. The price of equity securities fluctuate based on changes in a company's financial condition and overall market and economic conditions.

Interest Rate and Credit Risk - The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. The principal on mortgage-backed or asset-backed securities may normally be prepaid at any time, which will reduce the yield and market value of these securities. Obligations of US Government agencies and authorities are supported by varying degrees of credit, but generally are not backed by the full faith and credit of the US Government. Investments in non-investment-grade debt securities ("high-yield bonds" or "junk bonds") may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories.

Municipal Securities Risk - Municipal securities are subject to interest rate and credit risks. There may be less information available on the financial condition of issuers of municipal securities than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. A portion of the income may be taxable. Some Clients may be subject to Alternative Minimum Tax. Capital gains distributions, if any, are taxable.

Non-US Securities Risk - Investments in the securities of non-US issuers are subject to the risks associated with non-US markets in which those non-US issuers are organized and operate, including but not limited to, risks related to foreign currency, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments, differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations and potential restrictions on the flow of international capital. These risks are often heightened for investments in smaller capital markets or emerging/developing/frontier markets.

Non-Diversification Risk - Non-diversification of investments means an Account may invest a large percentage of its assets in securities issued by or representing a small number of issuers. As a result, the Account's performance may depend on the performance of a small number of issuers.

Small - & Mid - Capitalization Company Risk - Investing in small-capitalization companies may entail greater risk and higher volatility than investing in mid- and large-capitalization companies, due to factors such as shorter operating histories, less seasoned management or lower trading volumes, among other things. Investing in mid-capitalization companies may entail greater risk and higher volatility than investing in larger companies.

Asset Allocation Strategy Risk - Asset allocation strategies do not assure profit and do not protect against loss.

Concentration Risk - Concentrating investments in a particular country, region, market, industry or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that country, region, market, industry or asset class. An Account concentrating in a single state is subject to greater risk of adverse economic conditions and regulatory changes than an Account with broader geographical diversification.

Management Risk - The investment strategies, techniques and risk analyses employed, while designed to enhance returns, may not produce the desired results. The assessment of a particular security or assessment of market, interest rate or other trends could be incorrect, which can result in losses.

Market Risk - Security prices in a market, sector or industry may fall, reducing the value of Accounts.

Style Risk - BIM may utilize a particular investment style or discipline in managing Accounts that may not perform as well as other styles or disciplines over a particular period of time.

Inflation Risk - An Account's returns may not keep pace with inflation.

Investment Opportunity Risk - The overall investment activities of BIM and its affiliates, and BlackRock's internal policies, may limit the investment opportunities for Accounts in certain markets in which limitations are imposed by regulators upon the amount of investment by affiliated investors, in the aggregate or in individual issuers. From time to time, an Account's activities also may be restricted because of regulatory restrictions applicable to BlackRock, its affiliates and/or their internal policies.

Additionally, information possessed by BlackRock could have the effect of restricting investment activities of BIM on behalf of its Clients.

### ***Voting Client Securities***

Pursuant to their investment management agreements with BIM, Private Investors Clients may give BlackRock the authority to vote proxies relating to securities held in their Accounts or withhold that authority for themselves or another appropriate party. Clients may revoke or change any delegation made in their investment management agreements at any time upon written notice to BIM.

BlackRock will vote proxies for Accounts that have granted it authority to do so in accordance with BlackRock's proxy voting policies and procedures ("Proxy Voting Policy"). Consistent with applicable rules under the Advisers Act, BlackRock has adopted and implemented a written Proxy Voting Policy that is reasonably designed: (i) to ensure that proxies are voted, consistent with its fiduciary obligations, in the best interests of clients; and (ii) to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. Nevertheless, when votes are cast in accordance with the Proxy Voting Policy and in a manner that BlackRock believes to be consistent with its fiduciary obligations, actual proxy voting decisions made on behalf of one client may have the effect of favoring or harming the interests of other clients, BlackRock or its affiliates.

BlackRock provides proxy voting services as part of its investment management service to Clients and does not separately charge a fee for this service. This function is executed by a team of dedicated BlackRock employees without sales responsibilities (the "Global Corporate Governance Group"), which reports to the equity portfolio management business and is considered an investment function. BlackRock maintains regional oversight committees ("Corporate Governance Committees") for the Americas, Europe, Asia ex-Japan, Japan, and Australia/New Zealand, consisting of senior BlackRock investment professionals. All of the regional Corporate Governance Committees report to a Global Corporate Governance Committee which is composed of the Chair and Vice-Chair of each regional Corporate Governance Committee. The Corporate Governance Committees adopt, review and approve amendments to BlackRock's proxy voting policy guidelines (the "Guidelines") and grant authority to the Global Head of Corporate Governance ("Global Head"), a dedicated BlackRock employee without sales responsibilities, to vote in accordance with the Guidelines. The Global Head leads the Corporate Governance Group to carry out engagement, voting and vote operations in a manner consistent with the relevant Corporate Governance Committee's mandate. In conjunction with portfolio managers, the Corporate Governance Group engages companies in discussions of significant governance issues, conducts research on corporate governance issues and participates in industry discussions to keep abreast of the field of corporate governance. The Corporate Governance Group, or vendors overseen by

the Corporate Governance Group, also monitor upcoming proxy votes, execute proxy votes and maintain records of votes cast. The Corporate Governance Group may refer complicated or particularly controversial matters or discussions to the appropriate investors and/or regional Corporate Governance Committees for their review, discussion and guidance prior to making a voting decision. The Corporate Governance Committees likewise retain the authority to, among other things, deliberate or otherwise act directly on specific proxies as they deem appropriate. BlackRock's Equity Investment Portfolio Oversight Committee ("EIPOC") oversees certain aspects of the Global Corporate Governance Committee and the Corporate Governance Group's activities.

BlackRock votes (or refrains from voting) proxies for each client for which it has voting authority based on BlackRock's evaluation of the best long-term economic interests of shareholders, in the exercise of its independent business judgment, and without regard to the relationship of the issuer of the proxy (or any dissident shareholder) to BlackRock or BlackRock's affiliates.

When exercising voting rights, BlackRock will normally vote on specific proxy issues in accordance with the Guidelines for the relevant market. The Guidelines are reviewed regularly and are amended consistent with changes in the local market practice, as developments in corporate governance occur, or as otherwise deemed advisable by BlackRock's Corporate Governance Committees. The Corporate Governance Committees may, in the exercise of their business judgment, conclude that the Guidelines do not cover the specific matter upon which a proxy vote is requested or that an exception to the Guidelines would be in the best long-term economic interests of BlackRock's clients.

In certain markets, proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. These issues include but are not limited to: (i) untimely notice of shareholder meetings; (ii) restrictions on a foreigner's ability to exercise votes; (iii) requirements to vote proxies in person; (iv) "share blocking" (requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder meeting); (v) potential difficulties in translating the proxy; and (vi) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions.

As a consequence, BlackRock votes proxies in these markets only on a "best-efforts" basis. In addition, the Corporate Governance Committees may determine that it is generally in the best interests of BlackRock clients not to vote proxies of companies in certain countries if the Committee determines that the costs (including but not limited to opportunity costs associated with share blocking constraints) associated with exercising a vote are expected to outweigh the benefit the client will derive by voting on the issuer's proposal.

While it is expected that BlackRock, as a fiduciary, will generally seek to vote proxies over which BlackRock exercises voting authority in a uniform manner for all BlackRock clients, the relevant Corporate Governance Committee, in conjunction with the portfolio manager of an account, may determine that the specific circumstances of an account require that account's proxies be voted differently due to such account's investment objective or other factors that differentiate it from other accounts. In addition, BlackRock believes portfolio managers may from time to time legitimately reach differing but equally valid views on how best to maximize economic value in respect of a particular investment. Accordingly, portfolio managers retain full discretion to vote the shares in the accounts they manage based on their analysis of the economic impact of a particular ballot item.

BlackRock maintains policies and procedures that are designed to prevent undue influence on BlackRock's proxy voting activity that might stem from any relationship between the issuer of a proxy (or any dissident shareholder) and BlackRock or BlackRock's affiliates. BlackRock manages most conflicts through the structural separation of the Corporate Governance Group from employees with sales responsibilities. In certain instances, BlackRock may determine to engage an independent fiduciary to vote proxies as a further safeguard to avoid potential conflicts of interest or as otherwise required by applicable law. The independent fiduciary may either vote such proxies, or provide BlackRock with instructions as to how to vote such proxies. In the latter case, BlackRock votes the proxy in accordance with the independent fiduciary's determination. Use of an independent fiduciary has been adopted for

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

voting the proxies related to any company that is affiliated with BlackRock, or any company that includes BlackRock employees on its board of directors.

Clients that have not granted BlackRock voting authority over securities held in their accounts will receive their proxies in accordance with the arrangements they have made with their service providers. BlackRock generally does not provide proxy voting recommendations to clients who have not granted BlackRock voting authority over their securities.

Clients may, upon request, receive a copy of the Proxy Voting Policy and may also obtain a copy at: <http://www2.blackrock.com/global/home/AboutUs/ProxyVoting/index.htm>. Clients may, upon request, receive information regarding how BlackRock voted their proxies.

## Item 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

As noted above under “*Portfolio Manager Selection and Evaluation*”, certain “wrap fee” programs allow clients to select one or more participating portfolio management firms to manage their accounts, and the program sponsor typically is responsible for monitoring, evaluating and communicating with such firms, which includes providing client information to such firms. In Private Investors, however, BIM is the investment manager for all Accounts and therefore does not provide Client information to other investment managers.

## Item 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

BIM generally does not place restrictions on the ability of Clients to contact and consult with their PI Portfolio Management Teams.

## **Item 9 ADDITIONAL INFORMATION**

### ***Review of Private Investors Accounts***

Private Investors Accounts (and related Model Guidelines and Target Portfolios) are reviewed on an ongoing basis by BlackRock. Reviews are conducted with the help of computer support systems on an account-by-account basis and on security-holdings and performance-exception bases. Reviews are conducted to determine if an account's holdings are consistent with the Client's selected Investment Strategy and restrictions imposed by the Client. In addition to the assigned portfolio management team, certain representatives of BlackRock's risk management groups periodically spot check Accounts and Target Portfolios to review performance and relevant investment guidelines.

### ***Frequency And Content Of Private Investors Account Reports***

Private Investors Clients typically receive a quarterly Account performance report.

### ***Disciplinary Event***

On September 29, 2006, BlackRock, Inc. acquired Merrill Lynch Investment Managers, LLC ("MLIM LLC") (the "Acquisition"), an investment adviser registered with the SEC and a wholly-owned subsidiary of Merrill Lynch & Co., Inc. Following the Acquisition, MLIM LLC was renamed BlackRock Investment Management, LLC ("BIM"). The CFTC initiated regulatory action based on its findings that for the years 2001 through 2005 (prior to the Acquisition), MLIM LLC and Merrill Lynch Alternative Investment LLC ("MLAI"), another wholly-owned subsidiary of Merrill Lynch & Co., Inc., failed to distribute to commodity pool participants and file with the National Futures Association certain commodity pools' annual reports in a timely manner, in violation of CFTC regulation 4.22(C) (the "Regulation"). On July 31, 2007, the CFTC ordered that MLIM LLC and MLAI cease and desist from violations of the Regulation and imposed a \$500,000 civil penalty against MLIM LLC and MLAI. BIM, as successor to MLIM LLC, consented to entry of the order of settlement, but the civil penalty was paid by Merrill Lynch & Co., Inc.

### ***Other Financial Industry Activities and Affiliations***

BlackRock is a broad financial services organization. In some cases, BlackRock may have business arrangements with related persons/companies that are material to BlackRock's advisory business or to its clients. In some cases, these business arrangements may create a potential conflict of interest, or appearance of a conflict of interest between BlackRock and a client. Recognized conflicts of interest and arrangements that may be material to Private Investors and/or Private Investors Clients are discussed below and under "*Conflicts of Interest*".

#### ***Affiliated Broker-Dealers***

BlackRock Investments, LLC ("BRIL"), BlackRock Capital Markets, LLC ("BRCM") and BlackRock Execution Services ("BES") are broker-dealers registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and are members of the Financial Industry Regulatory Authority ("FINRA").

- BRIL is primarily engaged in the wholesale marketing of certain BlackRock mutual funds to other registered broker-dealers, marketing Rule 529 municipal fund securities and the sale of certain other investment products to institutional investors. BRIL also acts as placement agent for certain private funds advised by BlackRock, and also may provide investment banking activities. BRIL will be the distributor for certain exchange traded funds registered under the Investment Company Act of 1940 ("iShares ETFs") in the US as of April 1, 2012.

- BRCM's authorized business activities include the broker or dealer selling of corporate debt securities, acting as a United States Government securities broker, a non-exchange member, arranging for transactions in listed securities by an exchange member, commission sharing arrangements with third-party executing brokers and a broker or dealer operating Alternative Trading Systems ("ATS") in fixed income securities.
- BES may provide brokerage services to certain BlackRock Institutional Trust Company, N.A. ("BTC") and BlackRock transition services accounts that have authorized or directed BTC to use BES to the extent consistent with applicable laws. BES also may act as placement agent for certain private funds advised by BTC.

*Commodity Pool Operator / Commodity Trading Advisor*

- BlackRock Financial Management, Inc. ("BFM") and BIM are registered as commodity pool operators and commodity trading advisors with the CFTC.
- BFA is registered as a commodity trading advisor.
- BlackRock Capital Management, Inc. ("BCM"), BlackRock Advisors, LLC ("BAL") and BlackRock International Limited ("BIL") are registered as exempt commodity pool operators and exempt commodity trading advisors.

BFM, BIM, BIL and BFA are members of the National Futures Association (the "NFA"). BTC is a commodity trading advisor and registered as an exempt commodity pool operator. The NFA and CFTC each administer a comparable regulatory system covering futures contracts and various other financial instruments in which certain investment management clients of BlackRock ("BlackRock Clients") may invest.

*Relationships or Arrangements with Affiliates and/or Related Persons*

BlackRock, Inc. is a publicly traded company incorporated in the State of Delaware. As of December 31, 2011, The PNC Financial Management Services Group, Inc. (together with its subsidiaries, "PNC") owns approximately 21.0% of the total capital stock of BlackRock, Inc., and Barclays Bank plc ("Barclays") owns approximately 19.7% of the total capital stock of BlackRock, Inc. PNC and Barclays own approximately 24.0% and 2.2% of BlackRock, Inc.'s voting common stock, respectively. Barclays is not considered an affiliate of BlackRock for purposes of the Advisers Act or the Investment Company Act. BAL, BFM, BIL, BCM, BIM, BFA, BlackRock Realty Advisors, Inc. ("BREA"), BRIL, BRCM and BES are direct or indirect wholly-owned subsidiaries of BlackRock, Inc. BAL owns approximately 32.0% of BlackRock Kelso Capital Advisors LLC ("BlackRock Kelso"), which is an adviser to BlackRock Kelso Capital Corporation, a business development company.

BTC, a national banking association organized under the laws of the United States and operating as a limited purpose trust company, is an indirect subsidiary of BlackRock, Inc. BTC provides investment management and other fiduciary services for institutional client accounts, collective trust funds and group trusts, and other unregistered investment vehicles. BTC provides administration and securities lending services to certain registered and unregistered investment funds managed by BlackRock.

Through a holding company subsidiary, BlackRock, Inc. owns a minority stake in a joint venture, Private National Mortgage Acceptance Company, LLC ("PNMAC"). PNMAC is a financial services firm with a focus on investing in and servicing residential mortgage assets. PNMAC owns PNMAC Capital Management, LLC, a SEC registered investment adviser, that manages PennyMac Mortgage Investment Trust, a publicly traded REIT (NYSE: PMT).

Through a holding company subsidiary, BlackRock, Inc. owns a minority stake in a joint venture, Alliance Partners, LLC ("AP"). AP is a financial services firm that manages BancAlliance, a bank-controlled cooperative, which helps member banks diversify loan portfolios, access a broader range of asset opportunities and manage their commercial real estate concentrations. AP or a subsidiary intends to register as an investment adviser.

HLX Financial Holdings, LLC (known by its brand name, "Helix") is an indirect, wholly-owned subsidiary of BlackRock, Inc. Helix is a Charlotte, North Carolina based company that provides advisory, valuation and analytics solutions to commercial real estate lenders and investors.

Barclays Capital Inc. ("BCI") is a broker-dealer registered under the Exchange Act, an investment adviser registered with the SEC, and a subsidiary of Barclays. Each of PNC Investments, LLC, PNC Capital Markets, LLC, and Harris Williams LLC is a registered broker-dealer that is wholly-owned by PNC. Some of these entities may also provide referral, distribution or placement agent services for private funds. As more fully described below under "Conflicts of Interest", various Barclays or PNC affiliated broker-dealers may recommend BlackRock products or service to clients or act as placement agent for certain investment funds advised or sub-advised by BlackRock, and BlackRock may effect securities or other transactions through them. Information regarding these broker-dealers may be found in each broker-dealers' applicable registration Form BD.

From time to time, PNC Capital Markets, LLC may participate in underwritings of initial common and/or preferred share offerings of funds in the BlackRock Closed-End Complex.

BlackRock Services India Private Limited is an indirect, wholly-owned subsidiary of BlackRock, Inc. based in Gurgaon, India that principally provides operational support, portfolio and fund administration services.

Through a holding company subsidiary, BlackRock, Inc. owns a minority stake in a joint venture, DSP BlackRock Investment Managers Private Limited ("DSP"). DSP is a financial services company that serves as asset manager in India.

BlackRock Japan Co., Ltd., BlackRock (Hong Kong) Limited and DSP are "participating affiliates" of BAL; BlackRock (Hong Kong) Limited is a participating affiliate of BIM; and BlackRock (Singapore) Limited is a participating affiliate of BFM; each within the guidance set forth under applicable law and related SEC staff guidance, which permits registered advisers to access the services of unregistered affiliates under prescribed conditions. Conditions include, but are not limited to, the participating affiliate providing the SEC access to trading and other records, observing specific recordkeeping rules, submitting to jurisdiction of US courts and cooperating with the SEC as it relates to accounts advised by BAL, BIM and BFM. Under separate cover each participating affiliate has submitted to the SEC a document agreeing to be subject to the jurisdiction of US courts for actions arising under the US securities laws in connection with advisory activities provided to US clients and appointing an agent resident in the United States for service of process in proceedings and civil actions.

BIL is authorized and regulated by the Financial Services Authority, the independent, non-governmental financial services industry regulator in the United Kingdom, and holds a Non-Discretionary Investment Advisory/Discretionary Investment Management Business License granted by the Financial Supervisory Commission in South Korea.

BRCM is a registered broker-dealer that operates an ATS that is registered with the SEC. BRCM provides execution services, as an agent or on a riskless principal basis, on behalf of third-party customers as well as BlackRock clients and is compensated for these activities. These services include traditional institutional brokerage, as well as call auctions and the solicitation of bids on particular instruments, among others. BRCM may be active in markets on behalf of its customers who are not clients of BlackRock and may purchase or sell such securities or other financial instruments prior to, or at the same time as, or at prices different from, those executed by other brokers on behalf of BlackRock clients. BRCM and its affiliates (including their respective personnel) may provide execution and other services to BRCM as well as to BlackRock clients. BRCM also may possess material non-public information about orders and trades on behalf of its customers, including BlackRock clients. BRCM may share confidential information relating to actual or potential trades to BRCM's affiliates, customers of BRCM, third party broker dealers and its clearing firm for purposes of facilitating trades for its customers, including BlackRock clients that are customers, provided that such customers have provided their consent to such sharing. In addition, BRCM may receive direct or indirect compensation or discounts based on order flow directed to certain markets by BlackRock or its affiliates.

BRCM also shares trading personnel with BFM and other affiliates of BlackRock. Such shared trading personnel may act for BRCM or another BlackRock entity during any established trading session. BRCM and BlackRock have implemented policies and procedures to address any conflicts of interest that may arise from such shared trading arrangement.

BlackRock may engage BRCM to provide brokerage and other services on behalf of BlackRock's clients in accordance with policies and procedures that are designed to provide for compliance with the requirements of (and BlackRock's duties under) the Advisers Act, Investment Company Act, ERISA and other laws and regulations and relief therefrom, as applicable to the transaction. These policies and procedures, and the related laws and regulations, address the potential for conflicts of interest that may arise in connection with using an affiliate to execute trades on behalf of such BlackRock clients.

#### *BlackRock Alternative Investors*

The BlackRock Alternative Investors ("BAI") group coordinates BlackRock's alternative investment efforts including product management, business development and client service. BAI's alternative products fall into two main categories – the core private funds, which include hedge funds, funds of funds and real estate funds, and currency and commodities. BlackRock Alternative Advisors ("BAA"), a subgroup of BAI and a business unit of BFM and BIM, offers advisory services to certain funds of funds.

BlackRock manages a variety of alternative investment products that are intended to take advantage of market opportunities or to meet specific investment mandates. Certain of these products may involve a higher level of investment risk, while seeking greater returns than traditional investment products. These products are privately offered and are typically structured as US and non-US limited partnerships, limited liability companies, unit trusts, limited companies or corporations in order to meet the legal, regulatory and tax demands of clients. BlackRock, or an affiliate, acts as general partner, managing member, investment manager or otherwise exercises investment discretion with respect to these products in which clients are solicited to invest. These products may invest in a wide array of instruments depending on their respective investment guidelines and objectives. Further information can be found in the offering memorandum for each private fund.

### ***Code of Ethics, Participation Or Interest In Client Transactions and Personal Trading***

The various investment advisory and trust company subsidiaries of BlackRock, Inc. (the "BlackRock Investment Advisers") make decisions for their clients in accordance with their fiduciary obligations to such clients. BlackRock is a worldwide asset management, risk management, investment system outsourcing and financial services organization, and a major participant in global financial and capital markets. Entities that could be considered to have significant relationships with BlackRock include: Barclays Bank plc, a major global financial services provider engaged in retail and commercial banking, investment banking, wealth management and investment management services (together with its subsidiaries, "Barclays"); and PNC, one of the largest diversified financial services organizations in the United States. As noted above under "*Other Financial Industry Activities and Affiliations – Relationships or Arrangements with Affiliates and/or Related Persons*", Barclays is not considered an affiliate of BlackRock for purposes of the Advisers Act or the Investment Company Act.

As a global provider of investment management, risk management and advisory services to institutional and retail clients, BlackRock engages in a broad spectrum of activities, including sponsoring and managing a variety of public and private investment funds, funds of funds and separate accounts across fixed income, cash management, equity, multi-asset, alternative investment and real estate strategies, providing financial advisory services, providing enterprise trading systems and risk analytics under the BlackRock Solutions® brand and engaging in certain broker-dealer activities, mortgage servicing and other activities. BlackRock acts as, among other things, an investment manager and investment adviser; additionally, Barclays and PNC separately may act as investor, investment banker, commercial banker,



research provider, investment adviser, custodian, administrator, trustee, financier, adviser, market maker, placement agent, proprietary trader, prime broker, commodity firm, pricing vendor, solicitor, broker, dealer, transfer agent, record keeper, electronic crossing network (“ECN”), authorized participant for iShares ETFs, derivative or swap counterparty, underwriter, municipal securities dealer, index provider, lender, futures commission merchant or agent. BlackRock may, from time to time, make payments, out of its own profits or other sources, to affiliated or unaffiliated financial institutions, broker-dealers or other entities for distribution and sales support activities or sub-accounting, administrative, shareholder processing or other services related to shares or shareholders of investment companies and other funds for which BlackRock provides investment advisory services. These payments would be in addition to any payments made or fees paid directly by the investment companies or other funds, and recipients of such payments may be affiliates of PNC or Barclays.

Each of BlackRock, Barclays, and PNC have direct and indirect interests in the global fixed income, currency, commodity, equity, and other markets in which BlackRock Clients invest. As a result, BlackRock and its directors, managers, members, officers, and employees (collectively, the “BlackRock Group”), as well as Barclays and PNC and their respective other affiliates, directors, partners, trustees, managers, members, officers, and employees (collectively, “Barclays/PNC Affiliates”), including those who may be involved in the management, sales, investment activities, business operations, or distribution of BlackRock’s services and products, are engaged in businesses and have interests other than that of managing the assets of BlackRock Clients. These activities and interests include potential multiple advisory, transactional, financial, and other interests in securities, instruments, and companies that may be directly or indirectly purchased or sold by or on behalf of BlackRock Clients by BlackRock and other persons.

As a result of the various activities and interests of the BlackRock Group and of Barclays/PNC Affiliates as described below, it is possible that BlackRock Clients will have multiple business relationships with members of the BlackRock Group and the Barclays/PNC Affiliates and BlackRock Investment Advisers will, on behalf of BlackRock Clients, invest in, engage in transactions with, make voting decisions with respect to, or obtain services from entities for which the BlackRock Group and Barclays/PNC Affiliates perform, or seek to perform, risk management, investment system outsourcing, financing, investment banking, lending, or other services. It is also likely that BlackRock Clients will undertake transactions in securities in which one or more Barclays/PNC Affiliates make a market or otherwise have direct or indirect interests. Although the relationships and activities of the BlackRock Group and the Barclays/PNC Affiliates may help to offer attractive opportunities and services to BlackRock Clients, such relationships and activities may give rise to potential conflicts of interest between or among the BlackRock Group and BlackRock Clients or have other negative effects on BlackRock Clients. Additionally, BlackRock, PNC, Barclays and their respective affiliates and personnel may receive greater compensation or greater profit in connection with an account for which BlackRock serves as an adviser than with an account advised by an unaffiliated investment adviser. Differentials in compensation may relate to the fact that BlackRock may pay a portion of its advisory fee to its affiliate, or relate to other compensation arrangements, including for portfolio management, brokerage transactions or account servicing. Any differential in compensation may create a financial incentive on the part of BlackRock, PNC, Barclays, their affiliates and personnel to recommend BlackRock over unaffiliated investment advisers, to effect transactions differently in one account over another or to favor accounts in which they have more significant interests over those in which they have a lesser (or no) interest.

The BlackRock Investment Advisers manage the assets of BlackRock Clients in accordance with the investment mandate selected by each Client and will seek to give advice to and make investment decisions for such BlackRock Clients that the BlackRock Investment Adviser believes to be in the best interests of its client. However, from time to time, investment allocation decisions may be made which adversely affect the size or price of the assets purchased or sold for a BlackRock Client and the results of the investment activities of a BlackRock Client may differ significantly from the results achieved by the BlackRock Investment Advisers for other current or future BlackRock Clients. Thus, the management of numerous accounts for BlackRock Clients and other services provided by the BlackRock Investment Advisers necessarily creates a number of potential conflicts of interest. Additionally, regulatory and legal restrictions (including those relating to the aggregation of positions among different funds and accounts)

and BlackRock's internal policies and procedures may restrict certain investment activities of BlackRock Investment Advisers for BlackRock Clients. Personnel of the BlackRock Investment Advisers also may, from time to time and consistent with the Advisory Employee Investment Transaction Policy, described below, purchase, hold or sell investments which are also purchased, held or sold for BlackRock Clients.

These and other potential conflicts are discussed generally below or in the relevant offering documents of the investment funds managed or served by the various BlackRock Investment Advisers which should be reviewed in conjunction with any investment in that fund. Given the interrelationships among the BlackRock Group, Barclays, and PNC and the changing nature of such firms' businesses, affiliations and opportunities, as well as legislative and regulatory developments, there may be other or different potential conflicts that arise in the future or that are not covered by this discussion. As a fiduciary to the BlackRock Clients, however, BlackRock is committed to putting their interests ahead of its own and those of its Barclays/PNC Affiliates in the provision of investment management and advisory services.

*BlackRock's Advisory Employee Investment Transaction Policy and Other Ethical Restrictions*

The directors, officers and employees of BlackRock, including BlackRock Investment Advisers, may buy and sell public or private securities or other investments for their own accounts, or accounts of their family members and in which such BlackRock personnel may have a pecuniary interest, including through accounts (or investments in funds) managed by BlackRock Investment Advisers. As a result of differing trading and investment strategies or constraints, positions taken by BlackRock directors, officers, and employees may be the same as or different from, or made contemporaneously or at different times than, positions taken for BlackRock Clients.

As these situations may involve potential conflicts of interest, BlackRock has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations, including an Advisory Employee Investment Transaction Policy (the "AEITP") in accordance with Rule 17j-1 under the Investment Company Act and Rule 204A-1 under the Advisers Act (the "Rules"). These policies and procedures are intended to identify and prevent actual conflicts of interest with clients and to resolve such conflicts appropriately if they do occur.

In conformity with the Rules, the AEITP contains provisions regarding employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to employee transactions, activities, and relationships that might interfere or appear to interfere with making decisions in the best interest of BlackRock Clients, and together with BlackRock's Code of Business Conduct and Ethics (referred to collectively as the "Code"), requires employees to comply with the federal securities laws and regulations, as well as fiduciary principles applicable to BlackRock's business, including that employees must avoid placing their own personal interests ahead of BlackRock Clients' interests.

The AEITP requires that employees at BlackRock conduct all of their personal investment transactions in a manner that is consistent with federal securities laws, the BlackRock, Inc. Insider Trading Policy and other policies of BlackRock, Inc. These requirements include reporting of personal investment accounts, pre-clearance of personal trading in investment transactions, as well as reporting investment transactions. Additionally, all violations of the AEITP must be promptly reported to BlackRock's Chief Compliance Officer (or his designees, together referred to as the "CCO"). The AEITP also generally prohibits employees from acquiring securities in initial public offerings, and it contains prohibitions against profiting from short-term trading, subject to very limited exceptions. The AEITP also imposes "blackout" periods on certain employees, including particular portfolio management personnel, prohibiting transactions in certain securities during time periods surrounding transactions in the same securities by BlackRock Client accounts. Moreover, the AEITP and other BlackRock policies contain provisions that are designed to prevent conflicts relating to the use of inside information and to serving as a director of outside entities.

Any member of the BlackRock Group covered by the Code who fails to observe its requirements or those contained in related BlackRock policies and procedures may be subject to remedial action, including but not limited to disgorgement of profits, imposition of a fine, censure, demotion, suspension or dismissal.

The AEITP may be made available to a BlackRock Client or prospective client upon request, subject to certain confidentiality restrictions.

### *Political Contributions*

It is the policy of BlackRock to not make, and to prohibit its employees from making, any political or charitable contributions for the purpose of influencing a BlackRock Client or potential client, a public official or his or her agency. However, employees may make personal political or charitable contributions in accordance with the requirements and restrictions of applicable law and BlackRock's policies. To help ensure compliance with SEC rules, and the many state and local pay-to-play rules, all BlackRock employees must pre-clear and obtain prior approval from the Legal and Compliance Department before they (or their spouse or their dependent children) make any contributions (i.e., any monetary contribution or contribution of goods or services) to a political candidate, government official, political party or political action committee.

The BlackRock PAC, a non-partisan political action committee, was established under BCM and is supported voluntarily by BlackRock employees who pool their resources to help elect federal candidates who, as determined by the PAC's Board, share BlackRock's values and goals.

## **Conflicts of Interest**

### ***Potential Conflicts Relating to Advisory Activities***

The results of the investment activities of a BlackRock Client may differ significantly from the results achieved by BlackRock Investment Advisers for other current or future BlackRock Clients. BlackRock Investment Advisers will manage the assets of a BlackRock Client in accordance with the investment mandate selected by such Client. However, members of the BlackRock Group (including BlackRock Investment Advisers), as well as Barclays/PNC Affiliates (to the extent they have independent relationships with BlackRock Clients), may give advice, and take action, with respect to their own account, any other BlackRock Client or, in the case of Barclays/PNC Affiliate, their own accounts or a client of a Barclays/PNC Affiliate, that may compete or conflict with the advice a BlackRock Investment Adviser may give to, or an investment action a BlackRock Investment Adviser may take on behalf of, a BlackRock Client (or a group of BlackRock Clients), or may involve different timing than with respect to a BlackRock Client. In particular, members of the BlackRock Group, the Barclays/PNC Affiliates and one or more BlackRock Clients may buy or sell positions while another BlackRock Client is undertaking the same or a differing, including potentially opposite, strategy. Similarly, BlackRock Investment Advisers' management of BlackRock Clients may benefit members of the BlackRock Group and Barclays/PNC Affiliates. For example, BlackRock Clients may, to the extent permitted by applicable law, invest directly or indirectly in the securities of companies in which a member of the BlackRock Group, or other BlackRock Client, or a Barclays/PNC Affiliate, for itself or its clients, has an equity, debt, or other interest. In addition, to the extent permitted by applicable law, BlackRock Clients may engage in investment transactions which may result in other BlackRock Clients, or proprietary or client accounts of a Barclays/PNC Affiliate, being relieved of obligations or otherwise able to divest or cause BlackRock Clients to have to divest certain investments. The purchase, holding and sale, as well as voting of investments by BlackRock Clients may enhance the profitability or increase or decrease the value of a BlackRock Group member's or other BlackRock Clients' own investments in, or of the investments in a Barclays/PNC Affiliate's proprietary or client account with respect to such companies. This gives rise to certain potential conflicts of interest, as discussed below.

### *Financial or Other Interests in Underlying Funds*

Funds of funds or other accounts managed by a BlackRock Investment Adviser may acquire a financial interest in certain underlying funds which may include direct or indirect receipt of a portion of any management or performance-based fees paid by the underlying funds to its general partner, managing member or investment adviser. These interests may involve additional rights such as board

representation or other means to influence the management or business decisions of such underlying fund. These relationships may create conflicts of interest between a fund of funds or accounts receiving such interests and other funds or accounts managed by a BlackRock Investment Adviser.

#### *Cross Trades*

In certain circumstances, one BlackRock Client may seek to sell securities that are attractive to another BlackRock Client. BlackRock may (but is not required to) effect purchases and sales between BlackRock Clients or clients of affiliates ("cross trades") if BlackRock believes such transactions are appropriate based on each party's investment objectives and guidelines, subject to applicable law and regulation. In this regard, BlackRock maintains a cross-trading program covering various strategies pursuant to which securities may be bought and sold among BlackRock Clients and other accounts and funds managed by BlackRock and its affiliates. Cross trades under this program for index and model driven accounts subject to ERISA are made in accordance with applicable Department of Labor ("DOL") regulations and exemptions (including but not limited to PTEs 86-128 and 2002-12). BlackRock also has relief from the DOL to cross-trade among certain ERISA accounts including ones which are not index and model-driven and may also engage in crossing trades under Section 408(b)(19) of ERISA. BlackRock seeks to assure that the price paid or proceeds received by clients in a cross trade is fair and appropriate.

#### *Inconsistent Investment Positions and Timing of Competing Transactions*

From time to time, BlackRock may take an investment position or action for one or more accounts that may be different from, or inconsistent with, an action or position taken for one or more other accounts having similar or differing investment objectives. These positions and actions may adversely impact, or in some instances may benefit, one or more affected accounts. For example, a BlackRock Client may buy a security and another BlackRock Client may establish a short position in that same security. The subsequent short sale may result in a decrease in the price of the security which the first BlackRock Client holds. Conversely, a BlackRock Investment Adviser may establish a short position in a security for a BlackRock Client and another BlackRock Investment Adviser may buy that same security for a different BlackRock Client. The subsequent purchase may result in an increase of the price of the underlying position in the short sale exposure to a BlackRock Client's detriment. Similarly, transactions in investments by one or more BlackRock Clients and members of the BlackRock Group may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of another BlackRock Client, particularly, but not limited to, in small capitalization, emerging market, or less liquid strategies. When one BlackRock Investment Adviser implements a portfolio decision or strategy ahead of, or contemporaneously with, similar portfolio decisions or strategies of another BlackRock Investment Adviser, market impact, liquidity constraints, or other factors could result in one or more BlackRock Clients receiving less favorable trading results, the costs of implementing such portfolio decisions or strategies could be increased or such BlackRock Clients could otherwise be disadvantaged. On the other hand, potential conflicts may also arise because portfolio decisions regarding a BlackRock Client may benefit other BlackRock Clients. For example, the sale of a long position or establishment of a short position for a BlackRock Client may decrease the price of the same security sold short by (and therefore benefit) a BlackRock Group member or other BlackRock Clients, and the purchase of a security or covering of a short position in a security for a BlackRock Client may increase the price of the same security held by (and therefore benefit) a BlackRock Group member or other BlackRock Clients.

Under certain circumstances, a BlackRock Client (or a group of BlackRock Clients) may invest in a transaction in which one or more other BlackRock Clients are expected to participate, or already have made or will seek to make, an investment. Such BlackRock Clients (or groups of BlackRock Clients) may have conflicting interests and objectives in connection with such investments, including with respect to views on the operations or activities of the portfolio company involved, the targeted returns from the investment and the timeframe for, and method of, exiting the investment. Conflicts will also arise in cases where different BlackRock Clients (or groups of BlackRock Clients) invest in different parts of an issuer's capital structure, including circumstances in which one or more BlackRock Clients may own private securities or obligations of an issuer and other BlackRock Clients may own public securities of the same issuer. For example, a BlackRock Client (or group of BlackRock Clients) may acquire a loan, loan

participation or a loan assignment of a particular borrower in which one or more other BlackRock Clients have an equity investment. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, the BlackRock Investment Advisers may find that their own interests, the interests of a BlackRock Client (or group of BlackRock Clients) and/or the interests of one or more other BlackRock Clients could conflict. If an issuer in which a BlackRock Client (or group of BlackRock Clients) and one or more other BlackRock Clients hold different classes of securities (or other assets, instruments or obligations issued by such issuer) encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of the issuer in which it may be paid in full, whereas an equity holder might prefer a reorganization that holds the potential to create value for the equity holders. Any of the foregoing conflicts of interest will be discussed and resolved on a case-by-case basis. Any such discussions will take into consideration the interests of the relevant BlackRock Clients, the circumstances giving rise to the conflict and applicable laws. When considering whether to pursue applicable claims with respect to private fund securities, BlackRock considers various factors, including the cost of pursuing the claim and the likelihood of the outcome, and may not pursue every potential claim. BlackRock Clients (and investors in private funds) should be aware that conflicts will not necessarily be resolved in favor of their interests. There can be no assurance that any actual or potential conflicts of interest will not result in a particular BlackRock Client or group of BlackRock Clients receiving less favorable investment terms in certain investments than if such conflicts of interest did not exist.

Similarly, BlackRock, through BlackRock Solutions® and other business units, may advise third-parties regarding estimated valuation, risk management, transition management and potential restructuring or disposition activities in connection with their proprietary or client investment portfolios. Such activities create potential conflicts of interest, as BlackRock, on behalf of the BlackRock Clients, may seek to purchase securities or other assets from the foregoing portfolios and may, without limitation, engage in related activities to bid down the price of assets in such portfolios, which may have an adverse effect on other BlackRock Clients.

#### *Conflicts Relating to Portfolio Management of Various Accounts*

BlackRock Investment Advisers make decisions for BlackRock Clients based on the investment mandates selected by such BlackRock Clients. In doing so, as a result of similarities or differences in such mandates or otherwise, BlackRock Investment Advisers have potential conflicts in connection with the investments of, and transactions effected for, BlackRock Clients, including in situations in which members of the BlackRock Group have a pecuniary or investment interest. Certain clients may also be limited by rules issued by regulators or self-regulatory organization, such as short sale limits and trading halts. For additional information regarding conflicts relating to side-by-side management, please refer to Item 6 (“Portfolio Manager Selection and Evaluation – Side-By-Side Management of Private Investors Accounts and Other Accounts”) of this Disclosure Document.

#### **Potential Restrictions and Conflicts Relating to Information Possessed or Provided by BlackRock**

##### *Availability of Proprietary Information*

In connection with the activities of BlackRock Investment Advisers, certain persons within the BlackRock Group may receive information regarding proposed investment activities for BlackRock and BlackRock Clients that is not generally available to the public. Also, BlackRock Investment Advisers may have access to certain fundamental analyses, research and proprietary technical models developed internally or by other members of the BlackRock Group, Barclays/PNC Affiliates, certain third-parties and their respective personnel. There will be no obligation on the part of such persons or any BlackRock Investment Adviser, to make available for use by a BlackRock Client, or to effect transactions on behalf of a BlackRock Client on the basis of, any such information, strategies, analyses or models known to them or developed in connection with their own proprietary or other activities. In many cases, such persons will

be prohibited from disclosing or using such information for their own benefit or for the benefit of any other person, including BlackRock Clients. In other cases, fundamental analyses, research and proprietary models developed internally may be used by various BlackRock Investment Advisers and personnel on behalf of different BlackRock Clients, which could result in purchase or sale transactions in the same security at different times (and could potentially result in certain transactions being made by one portfolio manager on behalf of certain BlackRock Clients before similar transactions are made by a different portfolio manager on behalf of other BlackRock Clients), or could also result in different purchase and sale transactions being made with respect to the same security. Further information regarding inconsistent investment positions and timing of competing transactions is set forth above under *“Potential Conflicts Relating to Advisory Activities.”* Similarly, one or more BlackRock Clients may have, as a result of receiving client reports or otherwise, access to information regarding BlackRock Investment Advisers’ transactions or views that are not available to other BlackRock Clients, and may act on such information through accounts managed by persons other than a BlackRock Investment Adviser. The foregoing transactions may negatively impact BlackRock Clients through market movements or by decreasing the pool of available securities or liquidity. BlackRock Clients may also be adversely affected by cash flows and market movements arising from purchase and sale transactions, as well as increases of capital in, and withdrawals of capital from, accounts of other BlackRock Clients. These effects can be more pronounced in thinly traded securities and less liquid markets.

In addition, the BlackRock Investment Advisers have no obligation to seek information from (or share with any BlackRock Client any information, investment strategies, opportunities, or ideas known to) members or affiliates of the BlackRock Group or developed or used in connection with other clients or activities. For example, it is possible that a client account may invest in securities of companies with which an affiliate has or is trying to develop investment banking relationships, as well as securities of entities in which BlackRock, PNC or Barclays or another affiliate has significant debt or equity investments, in which an affiliate makes a market or in which an affiliate provides or may someday provide research coverage. Such investments could cause conflicts between the interests of a client account and the interests of other clients of BlackRock or another affiliate, or cause BlackRock to be exposed to material nonpublic information about an issuer. Moreover, members and personnel of the BlackRock Group, including BlackRock Investment Advisers’ personnel or other BlackRock personnel advising or otherwise providing services to BlackRock Clients, may be in possession of information not available to all BlackRock personnel, and such personnel may act on the basis of such information, or be required to refrain from acting, in ways that have adverse effects on BlackRock Clients.

#### *Material Non-Public Information/Insider Trading*

From time to time, members or affiliates of the BlackRock Group may obtain, either voluntarily or involuntarily, material non-public information that is not available to other investors or other confidential information which, if disclosed, would likely affect an investor’s decision to buy, sell or hold a security. Under applicable law, members of the BlackRock Group are generally prohibited from disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether that person is a BlackRock Client. Accordingly, should a member of the BlackRock Group obtain either voluntarily or involuntarily, material non-public information with respect to an issuer, it may be prohibited from communicating such information to, or using such information for the benefit of, BlackRock Clients, which could limit the ability of BlackRock Clients to buy, sell or hold investments. Even if BlackRock or affiliates of the BlackRock Group request material non-public information, BlackRock shall have no obligation or responsibility to disclose such information to, or use such information for the benefit of, any person (including BlackRock Clients), even if failure to do so would be detrimental to the interests of such person. In this connection, BlackRock has adopted an Insider Trading Policy, which establishes procedures reasonably designed to prevent the misuse of material nonpublic information by BlackRock and its personnel. Under the Insider Trading Policy, BlackRock Investment Advisers generally are not permitted to use material non-public information obtained by any department or affiliate of BlackRock in the course of its business activities or otherwise, in effecting purchases and sales in securities transactions for BlackRock Clients.

BlackRock has also adopted policies for the utilization of information barriers to minimize the likelihood that particular investment advisory units or teams will come into possession of material non-public information known by some other unit or team at BlackRock and thereby also minimizing the likelihood that a particular unit or team will be precluded from taking action on behalf of its clients. Nonetheless, the investment flexibility of one or more of the BlackRock Investment Advisers on behalf of BlackRock Clients may be constrained as a consequence of BlackRock's policies regarding material non-public information and insider trading and related legal requirements.

From time to time, certain BlackRock employees may retain and use paid expert networks and consultants with respect to publicly traded companies, subject to the BlackRock policies regarding the handling of and restricted use of material non-public information and specific procedures adopted to address material non-public information received from such expert networks and consultants.

Employees of the BlackRock Group may from time to time serve as an independent director to a derivatives clearing organization ("DCO"). As such, the BlackRock employee participates in regulatory oversight and audit, risk and advisory committees of the DCO, and may encounter situations in which they obtain material non-public information with respect to the DCO. The BlackRock employee would be legally prohibited from disclosing any such information received in their capacity as an independent director of the DCO to the BlackRock Group or its clients.

Consequently, BlackRock Investment Advisers may be not be able to engage in investment activity that they would otherwise take were they in receipt of such information, even if a failure to act on such information may ultimately be detrimental to BlackRock or its clients. In addition, use of such information would also be prohibited by BlackRock's Insider Trading Policy.

***Potential Conflicts That May Arise With Respect to Services Provided By or Through Various BlackRock Entities and the Barclays/PNC Affiliates***

Subject to applicable law, clients of a BlackRock Investment Adviser may have the opportunity to choose to engage the securities and futures brokerage or dealer, custodial, derivatives, trustee, agency, mortgage servicing, lending, banking, advisory services and other commercial services of, or to invest in one of a spectrum of investment products provided or sponsored by, another BlackRock Investment Adviser, other members of the BlackRock Group or a Barclays/PNC Affiliate. Additionally, the BlackRock Investment Advisers may rely on information from, or utilize the services provided by, such persons in managing a BlackRock Client's account. These services and certain other relationships among various members of the BlackRock Group, Barclays and PNC, and their respective subsidiaries and related persons, with or with respect to BlackRock Clients, give rise to potential conflicts of interest or otherwise may have an adverse effect on BlackRock Clients, as described generally below.

When these persons provide such services to BlackRock Clients, and when BlackRock Clients invest in these investment products, relevant BlackRock entities or Barclays/PNC Affiliates will be entitled, subject to applicable laws, to assess and retain fees and other amounts that they receive in connection with such products and services, without being required to account to any BlackRock Client. Additionally, subject to applicable laws, advisory fees or other compensation payable by BlackRock Clients may not be reduced or offset by reason of receipt by BlackRock or a Barclays/PNC Affiliate of any such fees or other amounts. Members of the BlackRock Group or a Barclays/PNC Affiliate may, when acting in such commercial capacities, take commercial steps in their own interests, which may be adverse to those of the BlackRock Client. Except as otherwise described herein, a BlackRock Investment Adviser will not be expected to take actions to negotiate terms between a BlackRock Client and BlackRock affiliates who provide these services, nor will the BlackRock Investment Adviser generally be responsible with respect to any losses or harms suffered by the BlackRock Client in connection with the BlackRock Client's use of services or products of such persons. Additionally, as with relationships with unaffiliated counterparties as described above, BlackRock Clients will be required to establish these business or commercial relationships with BlackRock affiliates, if at all, based on the BlackRock Client's own credit standing; such persons will not consider or rely on, and neither BlackRock nor any BlackRock Investment Adviser will be required to

allow the credit standing of BlackRock or any BlackRock Investment Adviser to be used in connection therewith.

*Services Provided to a BlackRock Client by other BlackRock Investment Advisers or through Investments in a BlackRock Investment Product*

BlackRock Investment Advisers may utilize the personnel or services of other BlackRock entities in a variety of ways to make available to clients the firm's global capabilities. While BlackRock believes this practice is generally in the best interests of its clients, it may give rise to certain conflicts of interest, with respect to: (i) allocation of investment opportunities; (ii) execution of portfolio transactions; (iii) client servicing; and (iv) fees. Additionally, BlackRock Clients utilizing the services of BlackRock affiliates may otherwise be disadvantaged as a result of, among other things: (i) differences in regulatory requirements of various jurisdictions or organizations to which such BlackRock affiliates are subject; (ii) time differences; (iii) the terms of BlackRock's and such affiliates' internal policies and procedures, the client's investment advisory and other agreements; or (iv) the terms of the governing documents for a private fund, mutual fund or other investment product. BlackRock and its affiliates will seek to ameliorate any conflicts that arise and may determine not to utilize the personnel or services of a particular affiliate in circumstances where it believes the potential conflict or adverse impact of ameliorative steps may outweigh the potential benefits of the relationship.

*BlackRock's Registered Investment Companies, Private Funds and Other Investment Products*

BlackRock Investment Advisers, where appropriate and in accordance with applicable laws, may purchase on behalf of BlackRock Clients, or recommend to BlackRock Clients that they purchase, shares of Funds for which BlackRock Investment Advisers serve as investment adviser or sub-adviser collectively ("Affiliated Funds"), or invest their assets in other portfolios managed by BlackRock Investment Advisers ("Affiliated Accounts"). In the case of funds of funds or private accounts managed in a similar style, this may take the form of an investment in other BlackRock-managed private funds.

The BlackRock Investment Advisers face potential conflicts when allocating the assets of a BlackRock Client or private fund to one or more Affiliated Funds or Affiliated Accounts. For example, in hindsight and despite intent or innocent purpose, circumstances could be construed that such allocation conferred a benefit upon the Affiliated Fund, Affiliated Account or adviser to the detriment of the BlackRock Client or private fund, or vice versa.

As a shareholder in a pooled investment vehicle, a BlackRock Client will pay a proportionate share of the vehicle's fees and expenses. Investment by a BlackRock Client in an Affiliated Fund means that BlackRock may, directly or indirectly, receive, subject to applicable laws, advisory (or other) fees from the Affiliated Fund in addition to the fees it will receive from the BlackRock Client for managing the Client's separate account. Similarly, BlackRock Clients who invest through a separate account managed by another BlackRock Investment Adviser are subject to advisory fees charged in connection therewith. Furthermore, BlackRock Clients who fund their separate accounts with shares of Affiliated Funds may incur deferred sales charges upon the sale of such shares by BlackRock, which may provide BlackRock or an affiliate with compensation that is in addition to the fees BlackRock will receive from the separate account. BlackRock Clients should notify BlackRock if they do not want their separate account assets to be invested in Affiliated Funds, and certain BlackRock Clients may invest directly in certain Affiliated Funds or other Funds outside of their separate accounts without paying additional separate account management fees to BlackRock.

The separate account management fees paid by certain retirement accounts (including those subject to ERISA) that invest in mutual funds from which BlackRock or an affiliate receives compensation (including management fees or fees paid pursuant to Rule 12b-1 under the Investment Company Act) will be reduced by the account's pro rata share of such compensation, to the extent required by law. In addition, BlackRock, at its sole discretion, and in order to avoid duplication of advisory fees, may (but, except as necessary in accordance with applicable law, is not required to) elect to waive all or a portion of its separate account investment management fee with respect to any assets of a BlackRock Client invested



in shares of any such Fund or other pooled investment vehicles, or separately managed accounts of another BlackRock Investment Adviser. To the extent permissible under applicable law and the terms of any relevant contractual arrangement, BlackRock may institute, waive or alter the terms of such a waiver from time to time in its sole and absolute discretion. Similar conflicts may apply where the fund or account is managed by a Barclays/PNC Affiliate.

BlackRock and its affiliates may, to the extent permitted by applicable laws, make payments to financial intermediaries relating to the placement of interests in private funds. These payments may be in addition to or in lieu of any placement fees payable by investors in those private funds. These payments, which may be significant to the financial intermediary and/or its representatives, may create an incentive for the financial intermediary to recommend the private fund over other products.

Certain private funds may be subject to regulations under the Bank Holding Company Act of 1956, as amended ("Bank Holding Company Act") that may limit or restrict investments in certain companies, and underlying funds that invest in funds subject to Bank Holding Company Act regulations. These restrictions are discussed in each applicable private fund's offering memorandum.

In addition, there is pending regulatory reform that may have a significant impact on BlackRock's investment advisory business. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "DFA") was signed into law in the United States. The DFA is expansive in scope and requires the adoption of extensive regulations and numerous regulatory decisions in order to be implemented. The adoption of these regulations and decisions will in large measure determine the impact of the DFA on BlackRock and other financial services firms. The DFA may significantly change BlackRock's operating environment and the financial markets in general in unpredictable ways. It is not possible to predict the ultimate effects that the DFA, or subsequent implementing regulations and decisions, will have upon BlackRock's business and results of operations. Among the potential impacts of the DFA, provisions of the DFA referred to as the Volcker Rule could, to the extent the final Volcker Rule is determined to apply to BlackRock's activities, affect the method by which BlackRock invests in and operates its investment funds, including private equity funds, hedge funds and fund of funds platforms. The impact of the Volcker Rule on liquidity and pricing in the broader financial markets is unknown at this time. In addition, BlackRock could become designated as a systemically important financial institution ("SIFI") and become subject to direct supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). If BlackRock were designated a SIFI, it could be subject to enhanced prudential, supervisory and other requirements, such as risk-based capital requirements; leverage limits; liquidity requirements; resolution plan and credit exposure report requirements; concentration limits; a contingent capital requirement; enhanced public disclosures; short-term debt limits; and overall risk management requirements. Further, proposed regulations under the DFA, relating to regulation of swaps and derivatives, could impact the manner by which BlackRock and BlackRock-advised funds and accounts use and trade swaps and other derivatives, and could significantly increase the costs of derivatives trading. Similarly, BlackRock's management of funds and accounts that use and trade swaps and derivatives could be adversely impacted by recently adopted changes to the CFTC regulations. These include changes imposing limits on speculative positions in contracts on certain physical commodities, which could adversely affect liquidity in the futures and swaps markets in which BlackRock trades for its funds and accounts and could expose BlackRock to heightened compliance costs. Other jurisdictions outside the United States in which BlackRock operates are also in the process of devising or considering more pervasive regulation of many elements of the financial services industry, which could have a similar impact on BlackRock and the broader markets.

#### *Use of Barclays/PNC Affiliates to Provide Services or Execute Transactions*

Subsidiaries of PNC and Barclays are registered broker-dealers, as described in "Other Financial Industry Activities and Affiliations" above (collectively, "PNC Broker-Dealers" or "Barclays Broker-Dealers" and together, "Barclays/PNC Broker-Dealers"). Barclays/PNC Broker-Dealers may effect securities transactions or other investment transactions as principal and agent for compensation for BlackRock Clients advised by BlackRock Investment Advisers in accordance with applicable law. Barclays Broker-Dealers are not considered "affiliates" under the Investment Advisers Act or the Investment Company Act.

These activities may give rise to potential conflicts of interest. For information specific to ERISA, please see “*Considerations for ERISA Clients*” below.

#### *Transactions in Securities, Futures and Similar Instruments*

BlackRock Investment Advisers, on behalf of BlackRock Clients, may from time to time enter into relationships with, or engage in transactions with or through, various Barclays/PNC Affiliates that may act as agent or principal for compensation, including securities, futures and/or options on futures contracts, foreign exchange transactions, swaps, and other derivatives transactions, either on a securities or commodities exchange or otherwise, subject to limitations and prohibitions applicable to certain transactions for accounts subject to ERISA and for accounts of mutual funds. For information specific to ERISA, please see “*Considerations for ERISA Clients*” below.

A Barclays/PNC Broker-Dealer may effect, as broker or agent, futures and/or options on futures contracts on a commodity exchange for compensation for BlackRock Clients that are not subject to ERISA, including US Registered Funds in accordance with procedures adopted by such US Registered Funds’ boards of directors/trustees. Such procedures include a review of all trades with a Barclays/PNC Broker-Dealer by the boards of directors/trustees to determine that the rates paid are usual and customary. When executing transactions on the floor of commodity exchanges, a buy or sell order placed by a BlackRock Investment Adviser with a Barclays/PNC Broker-Dealer on behalf of a BlackRock Client may be matched without the BlackRock Investment Adviser’s knowledge with an order from a Barclays/PNC Broker-Dealer or its customer.

BlackRock or its affiliates may currently engage in, or may in the future, without limitations, engage in, business activities with entities that facilitate the implementation of Title VII of the DFA, including those entities that participate in the clearing, reporting, and exchange-trading of Swaps. BlackRock’s business activities may include, without limitation: making non-controlling investments, serving on the board of directors or on committees, and providing any and all services, including, without limitation, cash management services. For additional information regarding such BlackRock activities, please refer to “*Potential Restrictions and Conflicts Relating to Information Possessed or Provided by BlackRock – Material Non-Public Information/Insider Trading*” above in this Item 9.

In other cases, a BlackRock Investment Adviser may place orders on behalf of BlackRock Clients with unaffiliated brokers or dealers to buy or sell securities for which Barclays/PNC Affiliates act as a market maker. A buy or sell order placed by a BlackRock Investment Adviser on behalf of a BlackRock Client for execution on the floor of a securities or commodities exchange (or through an ECN), ATS, “dark pool” or other similar system may be matched without such BlackRock Investment Adviser’s knowledge with an order from another BlackRock Investment Adviser, a member of the BlackRock Group or a Barclays/PNC Affiliate, or a client of a Barclays/PNC Affiliate. Similarly, from time to time in the ordinary course of business, an order to buy or sell an investment, contract or position placed by a BlackRock Investment Adviser with a Barclays/PNC Broker-Dealer on behalf of a BlackRock Client may be matched, without the BlackRock Investment Adviser’s knowledge, with an order from that Barclays/PNC Broker-Dealer or a customer of such Barclays/PNC Broker-Dealer. However, BlackRock and each Barclays/PNC Broker-Dealer are totally separate entities, and BlackRock has neither advance knowledge of, nor control over, the counterparty. Nonetheless, BlackRock seeks, to the extent practicable, to assure that such transactions are conducted in a manner consistent with BlackRock’s obligations to its clients and in compliance with applicable legal, regulatory, and contractual requirements. In connection with transactions in which a PNC Broker-Dealer will act as principal, the BlackRock Investment Adviser will disclose to that BlackRock Client that the trade will be conducted on a principal basis and obtain the approvals required by Section 206(3) of the Advisers Act. For US Registered Funds, PNC Broker-Dealers may effect securities transactions as agent for compensation for such US Registered Funds in accordance with procedures adopted by the US Registered Funds’ boards of directors/trustees pursuant to Section 17(e) of, and Rule 17e-1 under, the Investment Company Act and related regulatory authority. Similar procedures apply with respect to transactions effected for mutual funds on the floor of a commodity exchange. Such procedures include a review of all trades for US Registered Funds with Barclays/PNC Broker-Dealers to determine that the rates paid are usual and customary.

*Purchases of Unregistered Securities through a Barclays/PNC Broker-Dealer*

BlackRock Investment Advisers may from time to time purchase on behalf of BlackRock Clients unregistered securities for which a Barclays/PNC Broker-Dealer acts as placement agent. This may result in additional fees paid to the Barclays/PNC Broker-Dealer and/or assist the Barclays/PNC Broker-Dealer in meeting its contractual obligations, although the BlackRock Investment Adviser will not take these factors into account when making the purchase.

*Purchases of Securities for which a Barclays/PNC Broker-Dealer is an Underwriter*

From time to time, BlackRock Investment Advisers may purchase, on behalf of BlackRock Clients, securities in offerings with respect to which a Barclays/PNC Broker-Dealer serves as a lead underwriter, manager or member of the underwriting syndicate. In such cases, the purchase is generally made from a party that is not the Barclays/PNC Broker-Dealer, but the Barclays/PNC Broker-Dealer may nevertheless benefit from such transactions. All such transactions will be effected in accordance with applicable law, including the Advisers Act, the Investment Company Act and ERISA. When a Barclays/PNC Broker-Dealer is engaged in an underwriting or other distribution of securities of a company, BlackRock Investment Advisers may be prohibited, for certain types of BlackRock Clients, from purchasing or recommending the purchase of certain securities of that company for such BlackRock Clients. Notwithstanding the circumstances described above, a client on its own initiative may direct BlackRock to place orders for specific securities transactions in a client account. Purchases for BlackRock Clients that are subject to ERISA are made in accordance with the provisions of the Exemption as described under “*Considerations for ERISA Clients*” below.

*Borrowing or Lending Funds or Securities and Cash Management*

Each mutual fund and ETF advised by a BlackRock Investment Adviser has received an exemptive order from the SEC permitting it to lend portfolio securities to affiliated borrowers. Pursuant to that order, each mutual fund may retain an affiliated securities lending agent for a fee, which is generally based on a share of the overall returns from securities lending. In connection with securities lending activities, the lending agent may, on behalf of a Fund, invest cash collateral received by the Fund for such loans, among other things, in a private investment company or, in mutual funds that are money market funds or in other cash management vehicles sponsored, advised or managed by a BlackRock Investment Adviser or the Lending Agent. If a Fund acquires shares in such private fund, cash management vehicle or affiliated money market fund, shareholders may bear both their proportionate share of the Fund’s expenses and, indirectly, the expense of such other entities. Such shares will not be subject to a sales load, redemption fee, distribution fee or service fee, or in the case of the shares of an affiliated money market fund, the payment of any such sales load, redemption fee, distribution fee or service fee will be offset by the manager’s waiver of a portion of its advisory fee.

*Pricing and Valuation of Securities and Other Investments*

BlackRock’s fees typically are based on the value of the assets held in the client account. BlackRock generally does not price securities or other assets for purposes of determining fees. However, to the extent permitted by applicable laws, including ERISA, BlackRock or an affiliate may be charged with the responsibility of, or have a role in, determining asset values with respect to BlackRock products or accounts from time to time and BlackRock, or such an affiliate, may be required to price a portfolio holding when a market price is not readily available or when BlackRock has reason to believe that the market price is unreliable. To the extent BlackRock’s fees are based on the value of client accounts, BlackRock would benefit by receiving a fee based on the impact, if any, of the increased value of assets in an account. When pricing a security, BlackRock attempts, in good faith and in accordance with applicable laws, to determine the fair value of the security or other assets in question. BlackRock generally relies on prices provided by a custodian, a broker-dealer or another third-party pricing service for valuation purposes. When market quotations are not readily available or are believed by BlackRock to be unreliable, the security or other assets are valued by BlackRock in accordance with BlackRock’s

valuation procedures. With respect to funds of funds and other BlackRock products or accounts which invest in privately placed pooled investment vehicles managed by third-parties and/or investments sponsored by such third-party managers, BlackRock generally relies on pricing information provided by the private fund or its manager or other service provider. While BlackRock expects that such persons will provide appropriate valuations, such persons may face conflicts similar to those described above and certain investments may be complex or difficult to value. BlackRock may also perform its own valuation analysis, but generally will not independently assess the accuracy of such valuations. For certain clients, BlackRock has agreed to provide “reasonable assistance” involving the valuation of securities. This does not typically include proactively communicating BlackRock’s valuation judgments to such clients.

BlackRock, an affiliate, or a Barclays/PNC Affiliate may provide valuation assistance to certain clients with respect to certain securities or other investments. Valuation recommendations made for a client account may differ from the valuations for the same securities or investments assigned by a client’s custodian or pricing vendors, especially if such valuations are based on broker-dealer quotes or other data sources unavailable to the client’s custodian or pricing vendors. In addition, BlackRock, through BlackRock Solutions® (“BRS”) and BlackRock’s Financial Markets Advisory Group in particular, may provide a variety of services to clients in connection with the evaluation of certain distressed securities or other assets, including advice relating to the management, retention, disposition and valuation of such assets.

For certain assets that BlackRock manages on behalf of BlackRock Clients, pricing and valuation may be unavailable or unreliable, from time to time, due to market dislocations, loss of pricing coverage or market-making activities by broker-dealers, mergers and liquidations of broker-dealers or pricing vendors that previously supplied pricing data, the distressed nature of certain forced asset sales due to deleveraging transactions, extreme market volatility in certain assets classes, uncertainty surrounding potential or actual government intervention in the markets for certain assets, and other factors that have diminished the timeliness, accuracy or reliability of asset price information. In certain instances, BlackRock may determine an asset’s fair value using a variety of methodologies. BlackRock’s Global Valuation Methodologies Committee (“GVMC”) reports to and derives its authority from the Valuation Oversight Committee (“VOC”), which consists of senior members of RQA, BlackRock Solutions®, Legal and Compliance and other groups at BlackRock. The GVMC is responsible for overseeing valuation and pricing issues impacting BlackRock and its clients, including the design and implementation of pricing controls and the development of valuation policies and procedures.

When market quotations or other asset valuations are not readily available or are believed by BlackRock to be unreliable, a client’s investments may be valued at fair value (“Fair Value Assets”). Fair Value Assets are valued by BlackRock in accordance with BlackRock’s valuation procedures or, when held in a BlackRock-sponsored registered investment company, in accordance with valuation and liquidity procedures approved by the investment company’s board of directors/trustees. BlackRock may conclude that a market quotation is not readily available or is unreliable: (i) if a security or other asset does not have a price source due to its lack of liquidity; (ii) if BlackRock believes a market quotation from a broker-dealer or other source is unreliable (e.g., where it varies significantly from a recent trade); (iii) where the security or other asset is thinly traded (e.g., municipal securities and certain non-US securities can be expected to be thinly traded); (iv) where recent asset sales represent distressed sale prices not reflective of the price that a client might reasonably expect to receive from the current sale of that asset in an arm’s-length transaction; or (v) where there is a significant material event subsequent to the most recent market quotation. BlackRock’s good faith judgment as to whether an event would constitute a “significant event” likely to cause a material change in an asset’s market price may, in hindsight, prove to be incorrect, and the fair value determination made by BlackRock may be incorrect as to the direction and magnitude of any price adjustment when compared to the next available market price. In circumstances where BlackRock typically relies on a valuation provided by a third-party, if the third-party fails to provide a valuation, or if BlackRock believes such valuation is not representative of fair value, BlackRock will determine fair value.

On a date when the New York Stock Exchange (“NYSE”) is open and the primary exchange on which a foreign asset is traded is closed, such asset may be valued using the prior day’s price, provided that

BlackRock is not aware of any significant event or other information that would cause such price to no longer reflect the fair value of the asset. In such case the asset would be treated as a Fair Value Asset.

BlackRock will submit its recommendations regarding the valuation and/or valuation methodologies for Fair Value Assets to BlackRock's GVMC or a subcommittee thereof. The GVMC or its subcommittee may accept, modify or reject any recommendations. BlackRock's Pricing Group periodically endeavors to confirm the prices it receives from all third-party pricing services, index providers and broker-dealers, and, with the assistance of BlackRock's portfolio managers, to regularly evaluate the values assigned to the securities and other assets held by the BlackRock Clients. The pricing of all Fair Value Assets is subsequently reported to the GVMC or a subcommittee thereof with appropriate oversight from the VOC and, in the case of assets held in a BlackRock-managed mutual fund, ratified by the fund's board or a committee thereof.

When determining the price for a Fair Value Asset, BlackRock seeks to determine the price that a client might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. The price generally may not be determined based on what a client might reasonably expect to receive for selling an asset at a later time or if it holds the asset to maturity. Fair value determinations will be made in good faith and will be based upon all available factors that BlackRock deems relevant at the time of the determination, and may be based on analytical values determined by BlackRock using proprietary or third-party valuation models such as the Black-Scholes Option Pricing model. Nevertheless, the models and/or underlying valuation assumptions utilized by BlackRock may not correctly capture the fair value of an asset, which may impact the cost paid or proceeds realized by a client upon the purchase or disposition of the asset.

Fair value represents a good faith approximation of the value of a security. The fair value of one or more securities may not, in retrospect, be the price at which those assets could have been sold during the period in which the particular fair values were used in determining a client's asset value for performance or fee calculation purposes or, in the case of registered investment companies or other pooled investment vehicles, net asset value per share or unit on purchases and redemptions. For investment companies and other pooled investment vehicles, the sale or redemption of its shares or units at net asset value, at a time when a holding or holdings are valued at fair value, may have the effect of diluting or increasing the economic interest of existing investors and may result in a purchasing or redeeming investor receiving too few shares/units or too little cash.

BlackRock will communicate its valuation information or determinations to a client's custodian, pricing vendors and/or fund accountants as reasonably requested. There may be instances where the client's custodian, pricing vendors or fund accountants assign a different valuation to a security or other investment than the valuation for such security or investment determined or recommended by BlackRock.

#### *Considerations for ERISA Clients*

When executing transactions with Barclays/PNC Broker-Dealers or engaging in other activities for BlackRock Clients subject to ERISA, BlackRock Investment Advisers will comply with ERISA and the applicable regulations adopted by the DOL.

Although the stockholder agreements between BlackRock, Inc. and each of Barclays and PNC ("Minority Passive Shareholders" or "MPS") restrict the ability of each Minority Passive Shareholder, individually, or in combination, to control the activities of BlackRock, Inc. and BlackRock Investment Advisers, these shareholdings could be deemed to affect the best judgment of the BlackRock Investment Adviser as a fiduciary. This may raise conflict of interest concerns under Section 406(b) of ERISA if a fund or account (each, an "Account" within this section) advised by the BlackRock Investment Adviser were to enter into a transaction with an MPS; provided however that subsequent changes in the relevant facts and circumstances could change this determination. In addition, each MPS may be a "party in interest" to ERISA plans who have a BlackRock-advised Account as a result of providing services to such plans. The entering into of transactions on behalf of an Account with an MPS (or the provision of services by an MPS to an Account) may constitute, or result in, prohibited transactions under Section 406(a) of ERISA or

Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to which the exemptions commonly utilized by the BlackRock Investment Adviser with respect to non-MPS entities might not be available. Because of these potential limits, the DOL has granted a temporary exemption to BlackRock, PTE 2011-17 (“PTE 2011-17” or the “Interim Exemption”), which is an individual prohibited transaction exemption from the application of certain provisions of ERISA, the Federal Employees’ Retirement System Act of 1986, as amended (“FERSA”) and Section 4975 of the Code with respect to certain transactions which are summarized in Sections III and IV of the Interim Exemption (the “Covered Transactions”). The Interim Exemption was published in the Federal Register on August 15, 2011 (76 FR 50632). Also on January 19, 2012, the DOL published on the Federal Register (page 2798) a notice of proposed exemption for permanent exemptive relief that is expected to be substantially similar to PTE 2011-17 (the “Permanent Exemption”). BlackRock has received reasonable assurances that the Permanent Exemption will supersede the Interim Exemption on April 1, 2012. For purposes of this Disclosure Document, the term “Exemption” refers to PTE 2011-17 or the Permanent Exemption as applicable to the relevant Covered Transactions based on the dates that such transactions are occurring. Copies of the Notice or subsequent related public filings in the Federal Register are available upon request from BlackRock. In addition, the Federal Register can be accessed online through the US government’s website through the following link -- <http://edocket.access.gpo.gov/2011/pdf/2011-6044.pdf>.

Under the terms and conditions of the Exemption, the BlackRock Investment Adviser is permitted on behalf of an Account to enter into certain transactions with, or involving, one or more MPS (the “Exempted Transactions”). The Exempted Transactions include, but are not limited to, repurchase agreements where an MPS acts as seller, the purchase or sale of fixed income obligations with an MPS acting as a principal or agent, the purchase, holding or disposition of debt securities issued by an MPS, the purchase, holding and sale of exchange traded funds registered under the Investment Company Act of 1940 and advised by a BlackRock Investment Adviser (such as the iShares ETFs), and the purchase in a primary offering of securities where an MPS is (i) a manager or member of the underwriting syndicate and/or acts as trustee, and/or (ii) in the case of commercial mortgage-backed securities, a commercial mortgage originator or servicer. The Exemption does not permit an Account to enter into certain transactions with, or involving an MPS, including without limitation: (i) over-the-counter derivatives; or (ii) executing or clearing futures. Accordingly, as a consequence of the fact that (i) certain transactions with or involving one or more MPS are not permitted, and (ii) other transactions with one or more MPS must be entered into in accordance with the conditions of the Exemption, ERISA could materially limit the activities of an Account.

BlackRock has appointed a third-party to act as an independent monitor (the “Independent Monitor”), to provide independent review and oversight as a condition of the Exemption. In addition, the BlackRock Investment Advisers adopted and are implementing written policies and procedures reasonably designed to ensure compliance with the terms of the Exemption. Additionally, BlackRock has appointed an Exemption Compliance Officer (“ECO”), with the approval of the Independent Monitor, to ensure compliance with the Exemption. The ECO or his/her designee is responsible for monitoring the Exempted Transactions and reviewing compliance with the conditions of the Exemption. The ECO determines when an issue arises that warrants consultation with the Independent Monitor.

### ***Potential Conflicts Relating to Products and Services of Barclays/PNC Affiliates***

#### ***Investment Products or Services of Barclays/PNC Affiliates May Compete with BlackRock Clients***

Barclays/PNC Affiliates may sponsor and manage investment funds or other client accounts that compete directly or indirectly with the investment program of BlackRock Clients or make investments with funds sponsored or managed by third-party advisers that would reduce capacity otherwise available to BlackRock Clients in such entities. Additionally, various Barclays/PNC Affiliates may create, sell, issue, or act as placement agent or distributor of, derivative instruments with respect to BlackRock Clients or with respect to underlying securities, currencies or instruments held by BlackRock Clients, or which may be otherwise based on or related to the performance of BlackRock Clients. The structure or other characteristics of such derivative instruments could have an adverse effect on BlackRock Clients. For

example, the derivative instruments developed by a Barclays/PNC Affiliate could represent leveraged investments in BlackRock Clients, and the leveraged characteristics of such investments could make it more likely, due to events of default or otherwise, that there would be significant changes in the values of securities issued by BlackRock Clients. This may have an adverse effect on the assets owned by, and the resultant investment management and positions, flexibility and diversification strategies BlackRock Investment Advisers may employ for such BlackRock Clients, and consequently on the amount of fees, expenses and other costs incurred directly or indirectly for the account of BlackRock Clients. Similarly, members of the BlackRock Group may invest, for BlackRock Clients or themselves, and Barclays/PNC Affiliates may, subject to applicable laws, invest, on a proprietary basis or for their clients, in securities issued by BlackRock Clients, and may hedge derivative positions by buying or selling securities issued by BlackRock Clients. These investments may be significant and may be made without notice to BlackRock or BlackRock Clients.

*Investments in Service Clients or Portfolio Companies of the BlackRock Group or the Barclays/PNC Affiliates*

The BlackRock Group and Barclays/PNC Affiliates provide a variety of services for and advice (including investment banking services, fairness opinions and extensions of credit provided by Barclays and/or PNC) to various clients, including issuers of securities that BlackRock Investment Advisers may purchase or sell for BlackRock Clients, and may generally receive fees for these services (including fees which may be contingent on the successful placement of securities and successful closing of a transaction). As a result of the relationships between BlackRock Group and the Barclays/PNC Affiliates, BlackRock may have an incentive to invest in securities the issuers of which utilize such services and pay such fees. BlackRock believes, however, that the nature and range of clients to whom BlackRock, Barclays and PNC render such services is such that it would be inadvisable to exclude the securities of these issuers from a BlackRock Client's account. Accordingly, absent a specific investment restriction or direction or regulatory restriction, it is likely that a BlackRock Client's account will include the securities of issuers for whom the BlackRock Group, Barclays and/or PNC perform services. In addition, it is possible that the BlackRock Group may receive certain transaction fees from companies the securities of which BlackRock wishes to purchase or sell on behalf of BlackRock Clients in connection with structuring, negotiating or entering into such investment transactions, as well as ongoing advisory or monitoring fees. Fees and expenses may also be earned by the BlackRock Group or its personnel if such personnel serve as directors or officers of companies the securities of which BlackRock wishes to purchase or sell.

***Potential Conflicts Relating to BlackRock Clients' Use of Investment Consultants and BlackRock's Relationship with Pension Consultants***

Many BlackRock Clients work with pension or other institutional investment consultants (collectively, "Investment Consultants"). Investment Consultants provide a wide array of services to pension plans and other institutions, including assisting in the selection and monitoring of investment advisers such as BlackRock Investment Advisers. From time to time, BlackRock Clients' Investment Consultants who recommend BlackRock Investment Advisers to, and provide oversight of BlackRock Investment Advisers for, BlackRock Clients may also provide services to or purchase services from members of the BlackRock Group and Barclays/PNC Affiliates. For example, BlackRock purchases certain index and performance-related databases and human resources-related information from Investment Consultants and their affiliates. BlackRock Investment Advisers also utilize brokerage execution services of Investment Consultants or their affiliates, and members of the BlackRock Group, as well as personnel of Barclays/PNC Affiliates attend conferences sponsored by Investment Consultants. Conversely, from time to time, the BlackRock Group and Barclays/PNC Affiliates may be hired by Investment Consultants and their affiliates to provide investment management and/or risk management services, creating possible conflicts of interest.

***BlackRock May In-Source or Outsource to Third-Parties***

Subject to applicable law and contractual duties to clients, BlackRock, including BlackRock Investment Advisers, may from time to time and without notice to BlackRock Clients, in-source or outsource to third-parties, including parties which are affiliated with BlackRock, certain processes or functions in connection with a variety of services that they provide to BlackRock Clients in their administrative or other capacities. Such in-sourcing or outsourcing may give rise to potential conflicts of interest.

***Potential Restrictions on Investment Adviser Activity***

From time to time, BlackRock may be restricted from purchasing or selling securities on behalf of BlackRock Clients because of regulatory and legal requirements applicable to BlackRock and/or its internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. A client not advised by BlackRock may not be subject to the same considerations.

There may be periods when BlackRock Investment Advisers may not initiate or recommend certain types of transactions, or may otherwise restrict or limit their advice with respect to securities or instruments issued by or related to companies for which BlackRock is performing advisory or other services. For example, when BlackRock is engaged to provide advisory or risk management services for a company, BlackRock Clients may be prohibited from or limited in purchasing or selling securities of that company, particularly where such services result in BlackRock obtaining material non-public information about the company. Similar situations could arise if: (i) BlackRock personnel serve as directors or officers of companies the securities of which BlackRock wishes to purchase or sell; (ii) BlackRock is provided with material non-public information with respect to a potential portfolio company; or (iii) BlackRock Investment Advisers on behalf of BlackRock Clients participate in a transaction (including a controlled acquisition of a US public company) that results in the requirement to restrict all purchases and voting of equity securities of such target company. However, where permitted by applicable law, and where consistent with BlackRock's policies and procedures (including the implementation of appropriate information barriers), BlackRock may purchase or sell securities or instruments that are issued by such companies or are the subject of an advisory or risk management assignment by BlackRock, or in cases in which BlackRock personnel serve as directors or officers of the issuer.

In certain circumstances where BlackRock invests in securities issued by companies that operate in certain regulated industries or in certain emerging or international markets, or are subject to corporate or regulatory ownership restrictions, there may be limits on the aggregate amount invested by BlackRock, Barclays and/or PNC that may not be exceeded without the grant of a license or other regulatory or corporate consent. As a result, BlackRock Investment Advisers on behalf of BlackRock Clients may limit purchases, sell existing investments, or otherwise restrict or limit the exercise of rights (including voting rights) when BlackRock Investment Advisers, in their sole discretion, deem it appropriate in light of potential regulatory or other restrictions on ownership or other consequences resulting from reaching investment thresholds.

In those circumstances where ownership thresholds or limitations must be observed, BlackRock seeks to equitably allocate limited investment opportunities among BlackRock Clients, taking into consideration benchmark weight and investment strategy. When BlackRock's ownership in certain securities nears an applicable threshold, BlackRock may limit purchases in such securities to the issuer's weighting in the applicable benchmark used by BlackRock to manage the BlackRock Client account or fund. If BlackRock's Clients' holdings of an issuer exceed an applicable threshold and BlackRock is unable to obtain relief to enable the continued holding of such investments, it may be necessary to sell down these positions to meet the applicable limitations, possibly during deteriorating market conditions. In these cases, benchmark overweight positions will be sold prior to benchmark positions being reduced to meet applicable limitations.



In addition to the foregoing, other ownership thresholds may trigger reporting requirements to governmental and regulatory authorities, and such reports may entail the disclosure of the identity of the BlackRock Client or BlackRock's intended strategy with respect to such security or asset.

### ***Client Referrals and Other Compensation***

#### ***Solicitation, Introduction or Placement Arrangements***

From time to time, BlackRock may compensate certain affiliated and unaffiliated persons or entities (such as MLPF&S) for client referrals or introductions to BlackRock.

With respect to client solicitation arrangements, the Advisers Act requires that, among other things, compensation to a solicitor be made pursuant to a written agreement and, for third-party solicitor arrangements, that the solicitor provide to each person solicited for BlackRock's advisory services, a written disclosure statement (the "Solicitor's Disclosure Statement") and the applicable BlackRock investment adviser's Form ADV Part 2A (or alternate brochure required or permitted to be provided, such as this Disclosure Document). The Solicitor's Disclosure Statement contains important information with respect to, among other things, the material terms of the solicitor's compensation from BlackRock, the nature of any relationship or affiliation between the solicitor and BlackRock, whether the client bears any costs with respect to the solicitation and whether the fees paid by such a client may differ from fees paid by other similarly situated clients who are not so introduced, as a result of the solicitation, and these Solicitor's Disclosure Statements should be reviewed carefully by prospective clients.

BlackRock from time to time also pays for, or reimburses broker-dealers (including MLPF&S) to cover various costs arising from, activities that may result in the sale of advisory products or services including: (i) client and prospective client meetings and entertainment; (ii) sales and marketing materials; (iii) educational and training meetings or entertainment activities with the registered representatives of such broker-dealers and other personnel from entities that distribute BlackRock's products and/or services; and (iv) charitable donations in connection with events involving personnel or clients of entities that distribute BlackRock's products and/or services.

#### ***Solicitations by MLPF&S of Private Investors Clients***

As noted above under "*Private Investors Fees -- Payment of Referral Fees to MLPF&S*", MLPF&S Financial Advisors and/or other employees of MLPF&S typically receive compensation from BlackRock in the form of solicitation fees for referring Private Investors Clients to BlackRock. A description of such compensation and other relevant information pertaining to the solicitation arrangement is contained in MLPF&S' Solicitor's Disclosure Statement. MLPF&S Financial Advisors and/or other employees of MLPF&S also may receive compensation from MLPF&S based on the commissions paid by Private Investors Clients (who elect the Standard Fee Option) in connection with Account transactions executed by MLPF&S. Such Clients may have materially different commission rate schedules with MLPF&S, even though their Accounts may be following the same Investment Strategy and/or may have substantially similar trading patterns. Therefore, Private Investors Clients who pay commissions on trades should contact their MLPF&S Financial Advisor or sales representative to discuss and/or negotiate the commission rates payable by their Accounts.

The following discloses certain MLPF&S disciplinary events, and is provided because MLPF&S may receive the solicitation fees described above.

Please note that certain disclosures discuss disciplinary events associated with Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"). BAI merged with MLPF&S on October 23, 2009, and BAS merged with MLPF&S on November 1, 2010. In addition to the descriptions below, you can find additional information regarding these settlements in Part 1 of MLPF&S's Form ADV at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

On October 4, 2011, MLPF&S entered into a consent agreement with FINRA. FINRA alleged that MLPF&S failed to have a supervisory system to ensure that all accounts in which an employee either had a financial interest or over which the employee had control were monitored and reviewed for potential misconduct. In addition, FINRA found that MLPF&S failed to establish, maintain and enforce written procedures to adequately supervise a registered representative who was subsequently found to have used a business account at the firm to implement a fraudulent scheme. Without admitting or denying the findings, MLPF&S consented to the entry of findings, a censure, and a fine of \$1,000,000.

On January 25, 2011, the SEC issued an order pursuant to an offer of settlement made by MLPF&S finding that between February 2003 and February 2005 MLPF&S market makers executing institutional customer orders for securities sometimes shared information concerning those trades with traders on a MLPF&S securities proprietary trading desk. In the order, the SEC found that, at times, MLPF&S's securities proprietary traders used that information to place trades for MLPF&S after execution of the institutional customer order. The SEC found: (1) that this disclosure and use of institutional customer order information by MLPF&S's traders was improper and contrary to MLPF&S's confidentiality representations to its customers; (2) instances between 2002 and 2007 when MLPF&S charged institutional and high net worth customers undisclosed mark-ups and mark-downs on riskless securities principal trades for which MLPF&S had agreed to charge the customer only a commission equivalent fee, and that, in doing so, MLPF&S acted improperly and contrary to its agreements with its customers; and (3) that from 2002 through 2007 MLPF&S failed in many instances to make records of its agreements with institutional customers to guarantee an execution price, which agreements were part of the terms and conditions of the institutional customer orders. The SEC found that, as a result of its conduct: (1) MLPF&S willfully violated Section 15(c)(1)(A) of the Exchange Act, by effecting transactions in securities by means of manipulative, deceptive or other fraudulent devices or contrivances, and willfully violated Section 15(g) of the Exchange Act by failing to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material, nonpublic information, (2) under Section 15(b)(4)(E) of the Exchange Act, MLPF&S failed reasonably to supervise its traders with a view towards preventing them from violating the federal securities laws, and (3) MLPF&S willfully violated Section 17(a) of the Exchange Act and Rule 17a-3(a)(6) thereunder by failing to record certain terms and conditions of customer orders. MLPF&S neither admitted nor denied the findings in the order. The findings in the order are not binding on any person or entity other than MLPF&S. The order (1) required that MLPF&S cease and desist from committing or causing any violations and any future violations of Sections 15(c)(1)(A), 15(g) and 17(a) of the Exchange Act and Rule 17a-3(a)(6) thereunder; (2) censured MLPF&S pursuant to Section 15(b)(4) of the Exchange Act; and (3) required pursuant to Section 15(b)(4) and Section 21B of the Exchange Act that MLPF&S pay a civil money penalty in the amount of \$10 million. The penalty was paid on February 1, 2011.

On January 13, 2011 the Superior Court of Massachusetts, Suffolk County ("Court") issued an order against Benistar Property Exchange Trust Co., Inc. ("Benistar"), Daniel Carpenter ("Carpenter"), MLPF&S and others for their involvement in improper options and margin trading by Carpenter of the plaintiffs' monies held by Benistar in qualified intermediary escrow accounts pursuant to 26 U.S.C. § 1031(a)(3). In a 2009 retrial of plaintiffs' claims against MLPF&S, a jury determined that MLPF&S had engaged in or committed one or more unfair or deceptive trade practices in connection with its dealing with the Benistar accounts held at MLPF&S and that the firm's conduct had caused injury to the plaintiffs. In the order, the Court entered a judgment of \$545,386.22 against MLPF&S for consequential damages. As to the plaintiffs' claim for punitive damages, the Court entered judgment in favor of MLPF&S provided, however that in the event Connecticut law is determined to impose various liability on MLPF&S for the conduct of one of its employees, the Court's award of punitive damages would be an amount equal to plaintiffs' actual damages in the total amount of \$9,669,443.58. MLPF&S appealed the order and the outcome of the appeal is currently pending.

On January 5, 2011, MLPF&S consented to a letter of acceptance, waiver and consent (an "AWC") with FINRA. FINRA summarized its findings with respect to several investigations finding that MLPF&S had: (1) failed to exercise reasonable diligence with respect to certain best execution matters in violation of NASD Rules 2110, 2320, 3110, SEC Rule 17a-3 and Municipal Securities Rulemaking Board ("MSRB") Rules G-17 and G-30(a); (2) misreported or failed to report to the Trade Reporting and Compliance Engine ("TRACE") certain transactions in violation of NASD Rules 6230 and 2110; (3) failed to report a total of 13,239 positions in conventional options by the close of business the next day in violation of NASD Rules 2110 and 2860(b)(5); (4) misreported to

NASD (currently FINRA) and NYSE certain short interest positions in violation of NASD Rules 3360 and 2210 and NYSE Rule 421.10; (5) incorrectly or failed to report certain trades in the NASD/Nasdaq Trade Reporting Facility and Over the Counter Reporting Facility in violation of NASD Rules 6130(b) and (g), 2110 and 3632(a)(2); (6) failed to display immediately 64 customer limit orders in Nasdaq securities in its public quotation in violation of SEC Rule 604 of Regulation NMS; (7) accepted short sale orders in violation of SEC Rule 203(b)(1) of Regulation SHO; and (8) made available a report on the covered orders in national market system securities that it received for execution which included incorrect information in violation of SEC Rule 605 of Regulation NMS. Without admitting or denying the findings in the AWC, MLPF&S consented to a censure and a fine of \$304,000, allocated between the various offences listed above. FINRA also ordered MLPF&S to pay restitution to certain listed investors in the total amount of \$48,416.83, allocated between the listed investors.

On December 7, 2010, the SEC issued an administrative and cease-and-desist order in which it found that BAS had willfully violated Section 15(c)(1)(A) of the Exchange Act by participating in improper bidding practices involving the temporary investment of proceeds of tax-exempt municipal securities in reinvestment products from at least 1998 through 2002. In the order, BAS is: (1) censured; (2) ordered to cease and desist from committing or causing such violations and future violations; and (3) ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$36,096,442.00 to certain entities specified in the order. BAS consented to the order without admitting or denying the SEC's findings. In its order, the SEC noted the cooperation of BAS in the SEC investigation and in related government investigations, as well as remedial actions undertaken by BAS.

On November 10, 2010, MLPF&S consented to an AWC with FINRA. FINRA alleged that from June 2002 through February 2007, MLPF&S failed to establish and maintain supervisory systems and procedures reasonably designed to achieve compliance with industry suitability standards related to the sale of certain 529 plans ("NextGen Plans"). Without admitting or denying the findings contained in the AWC, MLPF&S agreed to (1) a censure; (2) a fine of \$500,000 and (3) certain undertakings including (a) the distribution of a stand-alone letter ("529 Letter") to each current customer who resided in a state that offered 529-related state tax benefits at the time the customer opened an advisor sold NextGen Plans at MLPF&S during the relevant time period; (b) assisting customers with transferring or rolling-over any customers investment in the NextGen Plans into a 529 plan of the customer's choice in the customer's home state; and (c) reporting to FINRA's enforcement staff periodically, until December 31, 2011 about each oral and written inquiry, concern or complaint received by MLPF&S concerning the NextGen Plans from recipients of the 529 Letter, along with a description of how MLPF&S resolved such inquiry, concern or complaint.

On August 18, 2010, MLPF&S consented to an AWC with FINRA. FINRA alleged that MLPF&S: (1) between September 2006 and June 2008 failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to identify and ensure that customers received appropriate "breakpoints" and "rollover and exchange" discounts (collectively, "sales charge discounts") on eligible purchases of unit investment trusts, in violation of NASD Rules 3010 and 2110; (2) failed to apply sales charge discounts to customers' eligible unit investment trust purchases in violation of NASD Rule 2110; and (3) approved the use of unit investment trust sales literature by its sales force that was inaccurate and misleading in violation of NASD Rule 2210. Without admitting or denying the findings in the AWC, MLPF&S agreed to: (1) a censure; (2) a fine of \$500,000; and (3) certain undertakings including (a) providing remediation to customers who, during the period of January 1, 2006 through the date of the AWC purchased unit investment trusts and qualified for, but did not receive the applicable sales charge discount and (b) submitting to FINRA a proposed plan to identify and compensate customers who qualified for, but did not receive the applicable unit investment trust sales charge discounts.

On June 6, 2009, the United States District Court for the Southern District of New York entered a judgment enjoining BAI and BAS from violating, directly or indirectly, Section 15(c) of the Exchange Act. The SEC had filed a complaint alleging that BAI and BAS misled customers regarding the fundamental nature and increasing risks associated with auction rate securities underwritten, marketed and sold by BAS and BAI and that by engaging in such conduct, BAI and BAS had violated Section 15(c) of the Exchange Act. Without admitting or denying the allegations, BAI and BAS entered into a consent, whereby they agreed to a series of undertakings designed to provide relief to "individual investors" (as defined in the consent) including: (1) through their affiliate, offering to purchase at par from individual investors certain auction rate securities; (2) agreeing to use

reasonable efforts to identify individual investors who sold certain auction rate securities below par, and to pay such investors the difference between par and the price at which they sold the securities; (3) agreeing to participate in a special arbitration process for the purpose of arbitrating any individual investor's consequential damage claim related to its investment in auction rate securities; (4) agreeing to refund certain refinancing securities through the firms; and (5) undertaking to make their best efforts to work with issuers and other interested parties to seek to provide liquidity solutions for institutional investors that are not considered "individual investors."

On March 11, 2009, the SEC issued an order against MLPF&S alleging that from 2002 to 2004, several MLPF&S retail brokers permitted day traders to hear confidential information regarding MLPF&S institutional customers' unexecuted orders as they were transmitted over MLPF&S's squawk box system. According to the SEC, MLPF&S lacked written policies or procedures to limit access to the equity squawk box, to track which employees had access to the equity squawk box or to monitor employees' use of the equity squawk box in violation of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act. Without admitting or denying the SEC's findings, MLPF&S consented to the entry of the order that: (1) found violations of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act for allegedly failing to maintain written policies and procedures reasonably designed to prevent the misuse of customer order information; (2) required that MLPF&S cease and desist from committing or causing any future violations of the provisions charged; (3) censured MLPF&S; (4) imposed a \$7,000,000 civil money penalty; and (5) required MLPF&S to comply with certain undertakings regarding the enhancement of certain policies and procedures.

On January 30, 2009, the SEC issued an order against MLPF&S regarding the MLPF&S Consulting Services program and the offering of those services through a Florida branch office for a period of several years concluding in 2005. The order found that material misrepresentations had been made and certain conflicts of interest not disclosed, and that MLPF&S had not maintained adequate records or reasonably supervised certain Florida investment advisory representatives. Without admitting or denying the non-jurisdictional findings thereof, MLPF&S consented to a censure, to cease and desist from violations of sections 204 and 206(2) of the Advisers Act and Rule 204-2(a) (14) thereunder, and a fine of \$1,000,000. In accepting the settlement, the SEC noted the voluntary and significant remedial acts promptly undertaken by MLPF&S.

On September 24, 2008, MLPF&S consented to an AWC. FINRA alleged that MLPF&S violated numerous SEC, FINRA and MSRB Rules in that MLPF&S: (1) failed to report correctly transactions to numerous order and trade reporting and tracking systems maintained by FINRA and NASDAQ; (2) failed to provide written notification disclosing to its customers that transactions were executed at an average price and its executing capacity in a transaction; (3) failed to preserve for the required period brokerage order memoranda; (4) failed to mark properly orders as short in short sale transactions; (5) incorrectly designated certain symbols in various securities transactions; (6) failed to report to the FINRA/NASDAQ Trade Reporting Facility last sale reports of transactions in designated securities; and (7) failed to maintain a supervisory system designed to achieve adequate compliance with TRACE, quality of markets, transaction reporting, short sales, and the Order Audit Trail System ("OATS"), among other things. Without admitting or denying the findings in the consent, MLPF&S consented to the following sanctions: (1) a censure; (2) a fine of \$242,500; (3) payment of \$11,358.65, plus interest, in restitution; and (4) various undertakings including revision of its written supervisory procedures regarding TRACE, quality of markets, OATS receiving inter-firm route matching statistics, transaction reporting, short sales, short sales bid and tick test compliance, OATS clock synchronization, safe harbor compliance, recordkeeping, limit order protection, the one percent rule, and the three-quote rule, among other things.

On May 1, 2008, the SEC issued an administrative order in which it found that BAI had willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, Sections 206(2), 206(4) and 207 of the Advisers Act and Advisers Act Rule 206(4)-1(a)(5) for failing to disclose to clients that in selecting investments for discretionary mutual fund wrap fee accounts, it favored two mutual funds affiliated with BAI. In the order the SEC also found that Columbia Management Advisors, LLC ("Columbia Management"), as successor in interest to Banc of America Capital Management, LLC willfully aided and abetted and caused BAI's violations of Sections 206(2) and 206(4) of the Advisers Act, and Advisers Act Rule 206(4)-1(a)(5). In the order, BAI and Columbia Management were censured and ordered to cease and desist from committing or causing such violations and future violations. In addition, BAI was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$793,773.00 to certain entities specified in the order, and a civil monetary

penalty of \$2,000,000; and Columbia Management was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$516,382 to certain entities specified in the order, and a civil monetary penalty of \$1,000,000. BAI and Columbia Management consented to the order without admitting or denying the SEC's findings. BAI also agreed to certain undertakings contained within the order.

On February 14, 2008 MLPF&S consented to an AWC issued by FINRA. FINRA alleged that from at least January 2001 until January 2006, as a result of certain operational and supervisory deficiencies MLPF&S failed to timely and consistently update the firm's record system relating to certain investment advisory and fee-based accounts. When clients changed investment advisers or terminated enrollment in certain investment advisory or fee-based accounts, MLPF&S failed to consistently make changes in account proxy delivery addresses and/or remove traits that suppressed trade confirmation delivery in the firm's record systems. Additionally, MLPF&S failed to maintain written supervisory procedures and a reasonable system of follow-up and review with respect to such operational changes. Without admitting or denying the findings, MLPF&S consented to a censure and a fine of \$175,000.

On May 31, 2006, MLPF&S, without admitting or denying the findings contained therein, consented to the issuance of an order. The SEC found that MLPF&S violated Section 17(a)(2) of the Securities Act, by managing auctions for auction rate securities in ways that were not adequately disclosed or that did not conform to disclosed procedures. Based on these findings, the order required that MLPF&S: (1) cease and desist from committing or causing any violations or future violations of Section 17(a)(2) of the Securities Act; (2) be censured; (3) pay a civil money penalty of \$1,500,000; and (4) comply with certain undertakings to provide customers with written descriptions of MLPF&S's material auction practices and procedures and to implement procedures reasonably designed to detect and prevent any failures by MLPF&S to conduct auctions for auction rate securities in accordance with disclosed procedures.

On March 13, 2006, MLPF&S, without admitting or denying the findings contained therein, consented to the issuance of an administrative order by the SEC. The SEC found that MLPF&S failed to: (1) furnish promptly to representatives of the Commission electronic mail communications ("e-mails") as required under Section 17(a) of the Exchange Act and Rule 17a-4(j) thereunder; and (2) retain certain e-mails related to its business as such in violation of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder. Based on these findings, the order required that MLPF&S: (1) cease and desist from committing or causing any violation or future violation of Section 17(a) of the Exchange Act and Rules 17a-4(b)(4) and 17a-4(j) thereunder; (2) be censured; (3) pay a civil money penalty of \$2,500,000; and (4) comply with certain undertakings relating to the retention of e-mails and the prompt production of e-mails to the SEC.

On March 15, 2006, MLPF&S consented to an AWC with NASD. NASD found that from 2001 through 2004, MLPF&S lacked an adequate supervisory system and written supervisory procedures for its Financial Advisory Center ("FAC") (n/k/a the Merrill Edge Advisory Center). Among other things, the Consent alleged that the firm failed to: (1) establish, maintain and enforce reasonable procedures regarding mutual fund recommendations (including switch transactions); (2) place a sufficient number of properly trained and qualified supervisors to monitor activities within the FAC; (3) conduct annual compliance audits for the FAC's two most active years; (4) provide adequate disclosure to customers regarding mutual fund share class choices in violation of NASD Conduct Rules 3010 and 2110; and (5) maintain a supervisory system and written procedures reasonably designed to achieve compliance with NASD Conduct Rule 2830. MLPF&S consented to a censure and a fine of \$5 million and certain undertakings including: (1) a three year prohibition on sales contests to promote the sale of mutual funds or other securities by registered personnel employed at the FAC; (2) requiring investment services advisors to obtain the prior approval of a registered securities principal for any mutual fund switch recommendation; (3) monitoring of customer calls at the FAC for a certain limited period of time; and (4) retention of an independent consultant and the implementation of new procedures.

On March 4, 2005, MLPF&S entered into a consent order with the State of New Jersey Office of the Attorney General Department of Law and Public Safety and the New Jersey Bureau of Securities ("Attorney General"). The Attorney General alleged: (1) market timing conduct by three MLPF&S Financial Advisors engaged in market timing on behalf of their principal client, a hedge fund and that despite warnings from supervisors that they were violating MLPF&S's policies, the Financial Advisors continued to market time for the client until they were fired in October 2003, using among

other things, multiple accounts and undisclosed agreements to conduct and disguise their trading; (2) that MLPF&S failed to adequately supervise certain activities in connection with the conduct described above including failure to keep adequate books and records in violation of the Exchange Act and New Jersey law; (3) the client entered into variable annuity contracts and certain other variable life insurance contracts with certain non-proprietary insurance carriers through the Financial Advisors to engage in short term trading in the investment sub-accounts of these products and although the client's reallocation instructions were relayed through the Financial Advisors to the insurance companies, MLPF&S gave no specific instruction to the Financial Advisors concerning the reallocation of the underlying sub-accounts of variable products; and (3) that MLPF&S failed to adequately enforce its established policy prohibiting market timing. Without admitting or denying the findings in the order, MLPF&S agreed to pay a civil monetary penalty of \$10 million and to certain undertakings including implementation of new procedures to maintain, as a required book and record under New Jersey and federal securities laws, records of all client reallocation requests made through a MLPF&S employee that involve mutual funds held as sub-accounts of variable annuity products of outside insurance carriers.

On February 9, 2005, pursuant to an offer of settlement by BAS in which it neither admitted nor denied the findings, the SEC issued an administrative order. The SEC found that from July 2000 through July 2003, BAS, Banc of America Capital Management, LLC ("BACAP") and BACAP Distributors, LLC ("BACAP Distributors") facilitated market timing and late trading by some introducing broker-dealers and a hedge fund at the expense of shareholders of Nations Funds and other mutual fund families, provided account management tools and other assistance, and enabled introducing broker-dealers to conceal their client's market timing activities from mutual funds. In the order, BAS was: (1) censured; (2) ordered to cease and desist from committing or causing any present or future violations of 17(a) of the Securities Act, 10(b), 15(c) and 17(a) of the Exchange Act and Rules 10b-5, 15c1-2, and 17a-4 thereunder and Rule 22c-1, as adopted under 22(c) of the Investment Company Act, and from causing any present or future violations of 34(b) of the Investment Company Act and 206(1) and 206(2) of the Advisers Act; (3) ordered to pay, jointly and severally with BACAP and BACAP Distributors \$250 million in disgorgement plus a civil monetary penalty of \$125 million. BAS also agreed to comply with certain undertakings including: (1) maintaining a compliance and ethics oversight infrastructure having, among other things, a code of ethics oversight committee, an internal compliance controls committee, a senior level compliance officer for conflicts of interest and a corporate ombudsman; (2) retaining an independent compliance consultant to, among other things, review compliance, supervisory and other policies and procedures and adopt such procedures; (3) undergoing third party compliance review every other year; and (4) retaining an independent distribution consultant.

On April 28, 2003, as part of a joint settlement with the SEC, NYSE and NASD arising from a joint investigation by the SEC, NYSE and NASD into research analysts' conflicts of interest, MLPF&S, without admitting or denying the allegations of the complaint filed by the SEC, consented to the entry of a final judgment. Pursuant to the settlement, which was entered on October 31, 2003, MLPF&S: (1) permanently enjoined MLPF&S from violating Section 15(c) of the Exchange Act and Rule 15c1-2 thereunder, NASD Conduct Rules 2110, 2210 and 3010, and NYSE Rules 342, 401, 472 and 476; (2) was ordered to pay a penalty of \$100,000,000, which was deemed satisfied by prior payments to the states in a related proceeding; (3) was ordered to pay substantial amounts for third party research and investor education; and (4) was ordered to comply with certain additional undertakings.

On November 15, 2002, the NYSE entered a decision in which it found that between approximately July 1999 through February 2002, MLPF&S employed 23 individuals who were subject to statutory disqualification as the result of a criminal conviction prior to being hired by the Firm. NYSE alleged that notwithstanding the fact that at or about the time of hire, each of the 23 individuals disclosed the existence of the criminal convictions to MLPF&S, the firm failed promptly to investigate or make inquiry into the information provided by the employee and allowed the employee to be hired in violation of NYSE Rules 346(f), 351(a)(9) and 342 and federal securities laws. MLPF&S consented to (1) a censure; (2) a fine of \$300,000 and; (3) a requirement that among other things MLPF&S retain an outside consultant, to perform a review and prepare a report, that the firm would be required to adopt, of the firm's systems, policies and procedures, including recommendations for different or additional systems, policies or procedures, if necessary, relating to the hiring of individuals who are subject to statutory disqualification including those who disclosed their criminal convictions during the hiring process.

## BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, “Clients”) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our Websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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