



**BLACKROCK INVESTMENT MANAGEMENT, LLC**

**PRIVATE INVESTORS SERVICE**

**DISCLOSURE DOCUMENT**

**BlackRock Investment Management, LLC**

1 University Square Drive

Princeton, NJ 08540

**(609) 282-2000**

<http://www.blackrock.com>

**March 29, 2018**

This wrap fee program brochure ("Disclosure Document") 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 Disclosure Document, please contact us at the telephone number provided above. The information in this Disclosure Document 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 also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 MATERIAL CHANGES

**Material changes from March 31, 2017, through August 28, 2017:**

**Item 6: Portfolio Manager Selection and Evaluation.** Certain investment strategy risks have been updated.

**Item 9: Additional Information.** Updated to provide additional information regarding:

- BlackRock, Inc.'s acquisition of the energy infrastructure business of First Reserve Partners, L.P. and First Reserve Management, L.P., which included the acquisition of First Reserve Energy Infrastructure Advisors, L.L.C. and First Reserve Advisors, L.L.C.
- BlackRock, Inc.'s acquisition of Cachematrix Holdings, LLC, and its subsidiaries.
- BlackRock Index Services, LLC, an affiliate of the Advisers, which develops indices against which portfolios are managed.
- Engaging in agency cross transactions.

**Material changes from August 29, 2017 to the date of this Brochure:**

**Item 6: Portfolio Manager Selection and Evaluations - Management of Private Investors Accounts:** Updated to include disclosure on the BIM's consideration of credit ratings.

**Item 6: Portfolio Manager Selection and Evaluations - Brief Discussion of Risks.** Information added regarding Technology and Cybersecurity Risk.

**Item 9: Disciplinary Information:** Updated to remove an aged Commodities Futures Trading Commission ("CFTC") regulatory action concerning Merrill Lynch Investment Managers, LLC ("MLIM"), which was acquired by BlackRock, Inc. on September 28, 2006, and renamed BlackRock Investment Managers, LLC post-acquisition. The regulatory action concerned pre-acquisition activities by MLIM that were subject to a CFTC order dated July 31, 2007. The regulatory action is removed because it is no longer within the ten-year reporting period under Item 9.

## Item 3 TABLE OF CONTENTS

Item 2 MATERIAL CHANGES .....	i
Item 3 TABLE OF CONTENTS .....	ii
Item 4 SERVICES, FEES AND COMPENSATION.....	1
Description of Private Investors.....	1
Private Investors Fees.....	3
Item 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS.....	9
Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION .....	10
Selection of an Investment Strategy for a Private Investors Account.....	10
Management of Private Investors Accounts .....	11
Brief Discussion of Risks .....	18
Voting Client Securities .....	24
Item 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS .....	27
Item 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS.....	28
Item 9 ADDITIONAL INFORMATION.....	29
Review of Private Investors Accounts.....	29
Frequency and Content of Private Investors Account Reports .....	29
Disciplinary Event.....	29
Other Financial Industry Activities and Affiliations .....	29
Code of Ethics, Participation Or Interest In Client Transactions and Personal Trading.....	33
Conflicts of Interest.....	36
<i>Potential Conflicts Relating to Advisory Activities.....</i>	<i>36</i>
<i>Potential Restrictions and Conflicts Relating to Information Possessed or Provided by BlackRock.....</i>	<i>38</i>
<i>Potential Conflicts That Arise With Respect to Services Provided By or Through Various BlackRock Entities and the PNC Affiliates.....</i>	<i>40</i>
<i>Potential Conflicts Relating to Products and Services of PNC Affiliates.....</i>	<i>48</i>
<i>Potential Conflicts Relating to BlackRock Clients' Use of Investment Consultants and BlackRock's Relationship with Pension Consultants.....</i>	<i>48</i>
<i>BlackRock In-Sources or Outsources Certain Services to Third-Parties.....</i>	<i>49</i>
<i>Potential Restrictions on Investment Adviser Activity.....</i>	<i>49</i>
Client Referrals and Other Compensation .....	50

*Solicitation, Introduction or Placement Arrangements*..... 50

*Solicitations by MLPF&S of Private Investors Clients* ..... 51

**BlackRock Privacy Principles** ..... 52

## 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 institutional accounts, separate accounts, U.S. registered investment companies and non-U.S. alternative asset products. BIM can advise both U.S. and non-U.S. clients subject to applicable law. BIM is an indirect, wholly-owned subsidiary of BlackRock, Inc. References to “BlackRock” in this Disclosure Document include BIM and/or any of BIM’s affiliates that are under the common control of BlackRock, Inc., including investment advisory and trust company subsidiaries of BlackRock, Inc. (“BlackRock Investment Advisers”).

This Disclosure Document addresses Private Investors. BIM also participates as an investment manager in various separately managed account 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 or disclosure documents provided by the sponsors of such programs for more information on those programs.

### *Description of Private Investors*

#### *Overview*

Through Private Investors, BIM offers a variety of equity, fixed income and multi-asset 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 establishing a Private Investors Account with BIM (each, a “Private Investors Account” or an “Account”). Clients selecting equity investment strategies 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 can 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 a Client’s Account. These separate charges would 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 can 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 for any Private Investors

## Item 4 SERVICES, FEES AND COMPENSATION

Client. 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 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 Wrap Fee Option).

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 considers 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 another broker-dealer) 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 will be either venue specific or transaction specific and will include, but are not limited to: (A) for venues: (i) execution capability including speed of execution, quality of communication links to BIM, clearance and trade settlement history and capability and ratio of complete versus incomplete trades; (ii) ability to handle large trades in securities having limited liquidity without undue market impact and ability to provide liquidity (as principal, agent or otherwise); (iii) access to market liquidity and quotation sources; (iv) financial condition of the counterparty, including reputation and creditworthiness; (v) responsiveness and reliability in executing trades, keeping records and accounting for and correcting administrative errors; (vi) ability to maximize price improvement opportunities, including the ability to provide ad hoc information or services; and (vii) ability to comply with all regulatory requirements; and (B) for transactions: (i) price and overall cost of the transaction, including any related credit support; (ii) the size, type and timing of the transaction; (iii) existing and expected activity in the market for the security, including any trading patterns of the security and the particular marketplace; (iv) nature and character of the security or instrument and the markets on which it is purchased or sold; (v) value of research provided, if permitted under applicable law or regulation; (vi) portfolio objectives or client requirements (if permissible), as applicable; (vii) if applicable, client-directed brokerage arrangements; and (viii) applicable execution

venue factors. BIM does not consider a broker's or dealer's sales of BlackRock products, including shares of mutual funds or exchange traded funds ("ETFs"), when determining whether to select such broker or dealer to execute transactions. BIM has the ability to 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.

Unless inconsistent with BIM's duty to seek best execution, BIM can direct brokers to execute trades 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. Such step out transactions are, at times, also used in fulfilling a client-directed brokerage arrangement, to allow for an order to be aggregated, or for regulatory or other purposes. However, BIM will not 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 is not always 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 can be delayed, because in certain instances BIM will 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 can result in less favorable execution on some transactions than would be the case if BIM were free to choose the broker or dealer. BIM generally does not monitor or evaluate the nature and quality of the services Clients obtain through MLPF&S. 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. As a result, directed brokerage transactions can result in less favorable execution on some transactions than would be the case if BIM was free to choose the broker or dealer, potentially resulting in increased costs to the client.

If a Client has retained BIM to manage its account(s) on a non-discretionary basis (a "Non-Discretionary Client"), then there is the potential for the Client to be disadvantaged because BIM generally must obtain the Client's approval prior to effecting investment transactions on its behalf (unless otherwise agreed to with the Client). In some instances, Non-Discretionary Clients will not receive notification of proposed trades from BIM and/or will not provide consent to such trades until after BIM's discretionary accounts have finished trading. Therefore, such Non-Discretionary Client accounts would not participate with discretionary accounts in aggregated or "bunched" orders, would trade after discretionary accounts have traded, and therefore potentially would receive a price that is less favorable than that obtained for the discretionary accounts. In addition, in certain instances, Non-Discretionary Clients are precluded from participating in certain investment opportunities that are available to discretionary Clients if BIM is 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 can 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 can 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. For certain Accounts, the Private Investors fee is reduced in connection with investments in mutual funds, ETFs and/or other pooled investment vehicles managed by BlackRock and with respect to which BlackRock receives fees or other compensation, or otherwise has a financial interest

## Item 4 SERVICES, FEES AND COMPENSATION

("Affiliated Funds"). Clients generally can negotiate the Private Investors fee applicable to their Accounts with their MLPF&S Financial Advisor or BIM.

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 is in addition to 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 ("ADRs")) 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 is in addition to the Client's pro rata share of the fees, expenses and/or transaction charges incurred by any mutual fund, ETF or other pooled investment vehicles (including funds or vehicles managed by a BlackRock Investment Adviser) in which the Account invests, although, unless otherwise agreed upon with a Client, when BIM invests a Private Investors Account in an Affiliated Fund, the Private Investors fee paid by the Client may be reduced by the Account's pro-rata share of any management fees paid by the Affiliated Fund to BlackRock (and any fees paid pursuant to Rule 12b-1 of the Investment Company Act of 1940, as amended ("Investment Company Act") as a result of such investment. Clients will pay the public offering price on securities purchased from an underwriter or dealer involved in a distribution.

In certain instances, when MLPF&S executes transactions in foreign ordinary securities outside the United States ("U.S."), it may use the services of foreign firms, which either handle a Client's order as agent, and assess a commission charge, or 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 can also accrue when foreign issuers terminate an ADR facility, thereby necessitating conversion of ADRs to foreign ordinary share form. In such circumstances, there is potential for the price obtained for the post-ADR security to 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 potentially could 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 can 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, as authorized in a Client's investment management agreement with BIM, and when either contemplated by a Client's investment strategy or upon direction from a Client, BIM invests Private Investors Accounts in mutual funds, ETFs and/or other pooled investment vehicles (collectively, "Funds"), including but not limited to Affiliated Funds. Except under limited circumstances described below, when BIM invests Private Investors Accounts in Funds, BIM typically invests solely in Affiliated Funds. Generally, BIM would only invest Private Investors Accounts in Funds that are not Affiliated Funds upon direction from the Client or in limited circumstances (e.g., if a Client directs BIM to conduct year-end "tax loss selling" on its behalf, and some of such sales include shares of an Affiliated Fund, BIM might reinvest the proceeds of such sale in a similar, non-Affiliated Fund for a short period of time in order to avoid the triggering of "wash



## Item 4 SERVICES, FEES AND COMPENSATION

sale” rules). 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. When BIM invests a Private Investors Account in an Affiliated Fund, the Private Investors fee paid by the Client may be reduced by the Account’s pro rata share of any management fees paid by the Affiliated Fund to BlackRock (and any fees paid pursuant to Rule 12b-1 of the Investment Company Act). However, there is certain compensation received by BlackRock for providing other services to Affiliated Funds (such as shareholder servicing and other administrative services) that does not reduce the Private Investors fee (unless otherwise required by applicable law), and therefore such compensation to BlackRock would be separate from and in addition to the Private Investors fee. Additionally, certain Affiliated Funds in which BIM may invest Private Investors Accounts, such as Affiliated Funds specifically intended for Private Investors, do not charge management fees (or their fees are waived or reimbursed by the Fund’s investment manager), and/or are only eligible for investment by (i) separate accounts managed by a BlackRock Investment Adviser (such as Private Investors Accounts), (ii) collective trust funds managed by BlackRock Institutional Trust Company, N.A (“BTC”) and (iii) other BlackRock US Registered Funds (“Management Fee-Waived Mutual Funds”). Such Management Fee-Waived Mutual Fund shares will be redeemed upon the termination of BlackRock Investment Adviser’s management of the Account. Under the limited circumstances when BIM invests Private Investors Accounts in Funds that are not Affiliated Funds, Clients will be subject to both the Private Investors fee and the fees payable by the Funds (i.e., the Client’s Private Investors fee will not be reduced in connection with the Account’s investment in such 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 can be negotiated with BIM or the Client’s financial advisor 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 or its MLPF&S financial advisor 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 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. Fees and surcharges vary for Clients requesting non-discretionary management.

Fees generally are calculated and paid 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 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, 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 can 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, at its discretion, can 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 generally apply:

### **Wrap Fee Options**

***No commissions will be charged on equity trades executed by MLPF&S***

Available only if client directs that all equity brokerage is to be effected through MLPF&S

### **Equity, Balanced, Retirement Journey and Wealth Diversified Portfolios**

<b>Portfolios</b>	<b>Minimum Portfolio Size</b>
Equity Portfolio	\$250,000
Balanced Portfolio	\$250,000
Balanced with Municipal Fixed Income Portfolio	\$500,000
Retirement Journey Portfolio	\$500,000
<b>Wealth Diversified Portfolio</b>	
Strategic and Tactical with Taxable Fixed Income	\$350,000
Strategic with Municipal Fixed Income	\$500,000
Tactical with Municipal Fixed Income	\$1,000,000

#### **Fee Schedule**

<b>Asset Levels</b>	<b>Annual Rate</b>
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

### **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.

<b>Portfolio</b>	<b>Minimum Portfolio Size</b>
IRC Section 1042 Qualified Replacement Property Investment Portfolio	\$1,000,000

#### **Fee Schedule**

<b>Asset Levels</b>	<b>Annual Rate</b>
First 12 months from the effective date of BIM's appointment as investment manager of the account	1.75%
Thereafter	0.75%

### Standard Fee Options\*

#### Commissions will be charged on equity trades executed by MLPF&S

Available only if client directs that all equity brokerage is to be effected through MLPF&S

\*Not available for Retirement Journey Portfolios, Wealth Diversified Portfolios or IRC Section 1042 Qualified Replacement Property Investment Portfolios

### Equity and Balanced Portfolios

Portfolios	Minimum Portfolio Size
Equity Portfolio	\$1,000,000
Balanced Portfolio	\$1,000,000

#### Fee Schedule

Asset Levels	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

### Fixed Income Portfolios

Portfolios	Minimum Portfolio Size
Fixed Income Portfolios (unless otherwise stated below):	\$250,000
Global and International Fixed Income Portfolios	\$500,000

#### Fee Schedule

Asset Levels	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

### Multi-Strategy Fixed Income and Target Income Portfolio

Portfolio	Minimum Portfolio Size
Multi-Strategy Fixed Income and Target Income Portfolio	\$250,000

#### Fee Schedule

Asset Levels	Annual Rate
First \$ 500,000	1.50%
Next \$ 500,000	1.25%
Next \$ 9,000,000	1.05%
Next \$ 5,000,000	1.02%
Next \$ 5,000,000	0.98%
Next \$ 5,000,000	0.95%
Value in excess of \$25,000,000.	Negotiable

#### Item 4 SERVICES, FEES AND COMPENSATION

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

As discussed below under “*Client Referrals and Other Compensation*”, MLPF&S Financial Advisors and/or other employees of MLPF&S typically receive compensation from BIM in the form of solicitation fees for referring Private Investors and other clients to BlackRock. 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 include, but are not limited to, high net worth individuals, charitable and endowment organizations, government entities, investment companies, corporations and other institutions (both taxable and tax-exempt), trusts and estates. Private Investors and/or certain investment strategies are not available to prospective clients residing or domiciled in certain countries outside the U.S., 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 investment strategies with the Wrap Fee Option (ii) \$1,000,000 for investment strategies with the Standard Fee Option, and (iii) \$250,000 for fixed income investment strategies. Higher minimums are 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 can fund their Private Investors Accounts with cash and, subject to BIM's acceptance and discretion, certain securities. In circumstances in which securities are accepted, BIM will, at its discretion, sell, liquidate or otherwise dispose of some or all of the securities, which can potentially 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.

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

### *Client Information*

BlackRock may seek to obtain, verify, and record information that identifies each client and, as applicable, their owners and controllers, who retains BlackRock to manage its account or who invests in an Affiliated Fund, in order to help the U.S. Government fight the funding of terrorism and money laundering activities and comply with economic sanctions. BlackRock will also screen clients against appropriate sanctions lists administered by the United States Office of Foreign Assets Control, European Union and United Nations, including any other applicable regimes to where BlackRock operates.

## 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 the relevant Private Investors Account documentation (the "Account Documentation"), which typically includes a questionnaire to ascertain the Client's investment objectives and tolerance for risk with respect to the Account. The investment strategies offered through Private Investors include equity, fixed-income and multi-asset investment strategies (each an "Investment Strategy" and collectively, "Investment Strategies"), and information on each Investment Strategy is available from MLPF&S or BIM. Clients select one or more Investment Strategies and, in certain circumstances, upon the approval of BIM, select a customized investment strategy that is not among the Investment Strategies normally offered through Private Investors. A separate Account is established with BIM for each Investment Strategy that a Client selects. 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 include but are not limited to stocks, bonds, options, warrants, rights, derivatives and other securities and instruments (collectively, "Individual Securities"). In addition, to the extent it is in accordance with a Client's chosen Investment Strategy or upon direction from a Client and as discussed above under "*Description of Private Investors Fees*" and below under "*Investment in Affiliated Funds*", in certain strategies BIM will invest all or a portion of an Account in Funds, typically, 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) and may invest in Individual Securities and/or Funds; (ii) "Fixed Income Strategies", which generally allocate assets to one fixed income investment style (e.g., low duration municipal) and may invest in Individual Securities and/or Funds; and (iii) "Balanced Strategies" or "Multi-Asset Investment Strategies", which generally allocate assets to a combination of multiple investment styles. Each investment style utilized in a Multi-Asset Investment 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-Asset Investment Strategies, the Client may be able to select from a menu of available investment disciplines. For certain other Multi-Asset Investment Strategies, BIM has sole discretion to select the investment disciplines utilized for each investment style.

Certain Investment Strategies invest in securities that are not traded in U.S. markets. As a result, certain securities are 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, applicable regulatory requirements can restrict the purchase of 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 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, which specify, for example particular securities or 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 restrict investment in certain securities contained in Target Portfolios or Model Guidelines, as discussed under “Potential Restrictions on Investment Adviser Activity” below. 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 strategies. The Strategy Management Team serves as the PI Portfolio Management Team for certain Investment Strategies and/or Accounts.

BIM often considers credit ratings when analyzing bonds, notes and other debt-related investments for client accounts. A credit rating generally reflects an assessment by the rating’s provider of the relative credit risk of an investment compared to other investments rated by the provider (please see “Brief Discussion of Risks - Credit/Default Risk” below). Credit rating agencies, including nationally recognized statistical rating organizations (each, a “Rating Agency”), may rate specific investments (e.g., bonds), issuers (e.g., corporations, governments and financial institutions) and/or programs (e.g., commercial paper programs). Certain types of investments generally are not rated by Rating Agencies, such as non-US government/sovereign obligations, US agency securities, commercial paper, time deposits at financial institutions, and derivative instruments such as credit default swaps. For those types of investments, as well as US Treasury securities (some of which are not rated), where a Rating Agency has not rated the specific investment but has rated the investment’s issuer, program, financial institution or underlying reference asset, BIM typically considers the investment to have the same Rating Agency rating as its issuer, program, financial institution or underlying reference asset, as appropriate. In the case of municipal securities, where one Rating Agency provides multiple ratings for the same security (e.g., “underlying,” “insured” and/or “enhanced” ratings), BIM may consider the security to have the highest of the multiple ratings.

New issue securities (regardless of type) rarely are rated by a Rating Agency at the time of their initial offering. Preliminary prospectuses or term sheets for new issue securities often include an expected rating for the security (as determined by the underwriter and/or issuer) or a Rating Agency rating for the issuer of the security. When deciding whether to purchase a new issue security that has not yet been rated by a Rating Agency, BIM typically will attribute an expected rating to the security based on: (i) the expected rating of the security set forth in the preliminary prospectus or term sheet for the security; (ii) the Rating Agency’s rating for the issuer of the security set forth in the preliminary prospectus or term sheet for the

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

security; or (iii) with respect to asset-backed securities, the rating of a prior issuance. Please see “Brief Discussion of Risks – New Issue Securities Risk” below for some of the risks associated with new issue securities.

Credit ratings are subject to change and do not reflect all of the risks associated with an investment.

### *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 can 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.



## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

### *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 which specify, for example, particular securities 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 do 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 can 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 relies on, among other information, 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-Asset Investment Strategies*

As noted above, Multi-Asset Investment Strategies allocate assets among multiple investment styles (which generally utilize one or more investment disciplines, each of which may invest in Individual Securities and/or Funds). Each Account following a Multi-Asset Investment 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-Asset Investment 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-Asset Investment Strategies, a Client can 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-Asset Investment Strategy, market conditions and/or BlackRock's then-current views of market cycles. Although BlackRock may change a Multi-Asset Investment 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.

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

### *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 can 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 will not accept (or will terminate) the Account. Clients should understand that: (i) any restrictions they impose can 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 will potentially 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 in that Account. However, for certain Investment Strategies, Clients 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 invests.

### *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 often 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 also involve potential conflicts of interest, including those associated with any difference 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 unregistered pooled investment vehicles advised by a BlackRock Investment Adviser ("Private Funds") often have more varied fee structures, including a combination of asset- and performance-based compensation. Clients should be aware that the prospect of achieving higher compensation from a Private Fund or institutional account than from a Private Investors Account or mutual fund provides the applicable BlackRock Investment Adviser a potential 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 help mitigate such potential conflicts of interest, BlackRock's policies and procedures state that investment decisions are to be made in accordance with the fiduciary duties owed to

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

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

As a result of certain regulations governing the ability of accounts investing side-by-side, it is possible that different account types are not permitted to participate in an investment opportunity at the same time. The decision as to which accounts participate will take into account the suitability and the strategy of the applicable accounts. It is possible that an account will be prevented from participating due to such investment opportunity being more appropriate within the primary strategy of another account.

### *Placement of Trade Orders*

In certain instances, BIM will 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, and the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

BIM has adopted policies that seek to allocate investment opportunities and make purchase and sale decisions among all of BIM's client accounts, including Private Investors Accounts, in a manner that it deems fair and equitable 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 often purchases or sells 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 in certain instances will 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 submit trade orders for a particular security across multiple Private Investors Accounts at or about the same time as portfolio managers for institutional accounts or Funds submit trade orders for such security, 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 typically considered 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. Trade orders submitted to accommodate a particular Client's request or instruction (e.g., to invest additional funds contributed to the Private Investors Account or to liquidate securities to raise cash in the Private Investors Account) may not be able to be aggregated with other Private Investors Accounts employing the same Investment Strategy. Thus, trades may be effected on

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

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 is less favorable than) the price received by such Other Accounts. In these circumstances, the market price of those securities can 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 or its affiliates), causing Clients to purchase the same securities at a higher price (or sell the same securities at a lower price).

When deemed appropriate by BIM, orders for the same security placed by the same trading desk are 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 are 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, in its discretion can 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.

### *Operating Events*

Trade errors and other operational mistakes (“Operating Events”) occasionally may occur in connection with BlackRock’s management of funds and client accounts (“Portfolios”). BlackRock has policies and procedures that address identification and correction of Operating Events, consistent with applicable standards of care and client documentation. An Operating Event generally is compensable by BlackRock to a client or fund when it is a mistake (whether an action or inaction) in which BlackRock has, in BlackRock’s reasonable view, deviated from the applicable investment guidelines or the applicable standard of care in managing a Portfolio, subject to the considerations set forth below.

Operating Events may include, but are not limited to: (i) the placement of orders (either purchases or sales) in excess of the amount of securities intended to trade for a Portfolio; (ii) the purchase (or sale) of a security when it should have been sold (or purchased); (iii) the purchase or sale of a security not intended for the Portfolio; (iv) the purchase or sale of a security contrary to applicable investment guidelines or restrictions; (v) incorrect allocations of trades; and (vi) transactions with a non-authorized counterparty. Operating Events can also occur in connection with other activities that may be undertaken by BlackRock and its affiliates, such as net asset value calculation, management fee calculations, calculations of carried interest or incentive fees, trade recording and settlement and other matters that are non-advisory in nature.

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

BlackRock makes its determinations regarding Operating Events pursuant to its policies on a case-by-case basis, in its discretion, based on factors it considers reasonable, including regulatory requirements, contractual obligations, and business practices. Not all Operating Events will be considered compensable mistakes. Relevant factors BIM may consider when evaluating whether an Operating Event is compensable include, among others, the nature of the service being provided at the time of the event, specific applicable contractual and legal requirements and standards of care, whether an applicable investment objective or guideline was contravened, the nature of the client's investment program, and the nature of the relevant circumstances.

Operating Events may result in gains or losses or could have no financial impact. Operating Events involving erroneous transactions in Private Investors Accounts generally are corrected by moving the transaction out of the Private Investors Account and into a Private Investors omnibus error account maintained by MLPF&S (the "Omnibus Account"), and restoring the Private Investors Account to the position it would have been in had the event not occurred. Material gains in the Omnibus Account resulting from correction transactions promptly are donated to charity; non-material gains generally are netted with losses, and any resulting net gains periodically are donated to charity (i.e., BIM does not retain net gains in the Omnibus Account).

When BIM determines that reimbursement by BIM is appropriate, the client will be compensated as determined in good faith by BIM. BIM will determine the amount to be reimbursed, if any, based on what it considers reasonable guidelines regarding these matters in light of all of the facts and circumstances related to the Operating Event. In general, compensation is expected to be limited to direct and actual losses, which may be calculated relative to comparable conforming investments, market factors and benchmarks and with reference related transactions and/or other factors BIM considers relevant. Compensation generally will not include any amounts or measures that BIM determines are speculative or uncertain.

### *Investment in Affiliated Funds*

BIM serves as both the sponsor of Private Investors and as the sole investment manager for Private Investors Accounts. From time to time, where authorized in a Client's investment management agreement with BIM, and when either contemplated by the Client's investment strategy or upon direction from a Client, BIM will purchase on behalf of Clients shares of Funds, including but not limited to Affiliated Funds from which BIM or one of its affiliates receives fees for providing investment advisory and/or other services. Except under limited circumstances described below, when BIM invests Private Investors Accounts in Funds, BIM typically invests solely in Affiliated Funds. Generally, BIM only would invest Private Investors Accounts in Funds that are not Affiliated Funds upon direction from the Client or in limited circumstances (e.g., if a Client directs BIM to conduct year-end "tax loss selling" on its behalf, and some of such sales include shares of an Affiliated Fund, BIM might reinvest the proceeds of such sale in a similar, non-Affiliated Fund for a short period of time in order to avoid the triggering of "wash sale" rules). Under the limited circumstances when BIM invests a Private Investors Account in Funds that are not Affiliated Funds, Clients will be subject to both the Private Investors fee and the fees payable by the Funds (i.e., the Client's Private Investors fee will not be reduced in connection with the Account's investment in such Funds). When BIM invests a Private Investors Account in an Affiliated Fund, the Private Investors fee paid by the Client may be reduced by the Account's pro rata share of any management fees paid by the Affiliated Fund to BlackRock (and any fees paid pursuant to Rule 12b-1 of the Investment Company Act). However, any compensation received by BlackRock for providing other services to Affiliated Funds (such as shareholder servicing and other administrative services) does not reduce the Private Investors fee (unless otherwise required by applicable law), and therefore such compensation to BlackRock would be separate from and in addition to the Private Investors fee. As a result, and as discussed above in Item 4 under "PRIVATE INVESTORS FEES" and 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. Certain Funds in which BIM invests Private Investors Accounts, such as Funds specifically intended for separately managed account or wrap fee programs such as Private Investors ("Management Fee-Waived Mutual Funds"), do not charge management 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 of the Account.

### ***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 related to the Investment Strategies currently available to Private Investors Clients. Not all possible risks are described below.

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

**Asset Class Risk** - Securities in a portfolio can underperform in comparison to the general securities markets, a particular securities market, or other asset classes.

**Competition Risk.** There can be no assurance that BIM will be able to locate, consummate, and exit investments that satisfy a portfolio's rate of return objectives or that a portfolio will be able to invest fully its committed capital.

**Concentration Risk** - Concentrating investments in an issuer or issuers, in a particular country, group of countries, region, market, industry, group of industries, sector or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that issuer or issuers, particular country, group of countries, region, market, industry, group of industries, sector or asset class than a more diversified mix of investments.

**Controlling Interest Risk.** Because of its equity ownership, representation on the board of directors and/or contractual rights, a portfolio may be considered to control or influence the conduct of portfolio companies. Under certain circumstances, such ownership or roles could be used by third parties as the basis for such parties to assert environmental, pension-related, securities law or other claims against such portfolio or its owners or affiliates.

**Conversion of Equity Investments Risk-** After its purchase, a non-equity investment directly or indirectly held by a portfolio, such as a convertible debt obligation may convert to an equity security (converted investment). Alternatively, a portfolio may directly or indirectly acquire equity securities in connection with a restructuring event related to one or more of its non-equity investments. Challenges in liquidating the converted investment at an advantageous time, would impact the performance of the portfolio.

**Counterparty Risk** - Transactions, including certain derivative transactions, entered into directly with a counterparty are subject to the risk that the counterparty will fail to perform its obligations in accordance with the agreed terms and conditions of the transaction. A counterparty's bankruptcy or other failure to perform its obligations due to financial difficulties, would result in significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding or no recovery in such circumstances.

**Credit/Default Risk** - Debt issuers and other counterparties of fixed income securities or instruments in some instances default on their obligation to pay interest, repay principal or make a margin payment, or default on any other obligation. Additionally, the credit quality of securities or instruments could deteriorate (e.g., downgraded by Ratings Agency), which would impair a security's or instruments liquidity and decrease its value.

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

**Currency Risk** - Currencies are purchased and sold for portfolios through the use of forward contracts or other instruments. A portfolio that seeks to trade in foreign currencies can have limited access to certain currency markets due to a variety of factors including government regulations, adverse tax treatment, exchange controls, and currency convertibility issues. Certain portfolios can hold investments denominated in currencies other than the currency in which the portfolio is denominated. Currency exchange rates can be volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks. A change in the exchange rates has the potential to produce significant losses to a portfolio.

**Debt Instruments Risk** - Generally investments in debt and credit-related instruments may be secured or unsecured and may be structurally or contractually subordinated to substantial amounts of senior indebtedness. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable portfolio company, government fiscal policy and domestic or worldwide economic conditions.

**Developed Countries Risk** - Investment in developed countries subjects a portfolio to regulatory, political, currency, security, demographic, and economic risk specific to developed countries. Developed countries are impacted by changes to the economic health of certain key trading partners, regulatory burdens, debt burdens, and the price or availability of certain commodities. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some other countries or regions.

**Distressed Securities Risk** - Investments in companies that are in poor financial condition, lack sufficient capital or are involved in bankruptcy or reorganization proceedings face the unique risks of lack of information with respect to the issuer, the effects of bankruptcy laws and regulations and greater market volatility than is typically found in other securities markets. As a result, investments in securities of distressed companies involve significant risks that could result in a portfolio, incurring losses with respect to such investments.

**Emerging Markets Risk** - Investments in emerging markets may be subject to a greater risk of loss than investments in more developed markets, as they are more likely to experience inflation risk, political turmoil and rapid changes in economic conditions. Investing in the securities of emerging markets involves certain considerations not typically associated with investing in more developed markets, including but not limited to, the small size of such securities markets and the low volume of trading (possibly resulting in potential lack of liquidity and in price volatility), political risks of emerging markets which may include unstable governments, government intervention in securities or currency markets, nationalization, restrictions on foreign ownership and investment, laws preventing repatriation of assets and legal systems that do not adequately protect property rights. Further, emerging markets may be adversely affected by changes to the economic health of certain key trading partners, such as the U.S., regional and global conflicts and terrorism and war. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

**Equity Securities Risk** - Equity securities are subject to changes in value and their values may be more volatile than other asset classes. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and the industry in which the issuer securities are subject to stock risk. Historically, U.S. and non-U.S. stock markets have experienced periods of substantial price volatility and may do so again in the future.

**Fraud** - Of paramount concern in originating loans is the possibility of material misrepresentation or omission on the part of a borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans, or may adversely affect the likelihood that a lien on the collateral securing the loans has been properly created and perfected. Under certain circumstances, payments to a portfolio may be reclaimed if any such payment or distribution is later determined to have been made with intent to defraud or prefer creditors.

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

**Fraudulent Conveyance Risk** - If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by a loan made by a portfolio and the grant of any security interest or other lien securing such investment made by a portfolio, and, after giving effect to the incurring of such indebtedness, the borrower (a) was insolvent; (b) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital; or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness and such security interest or other lien as fraudulent conveyances, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to the relevant portfolio) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness.

**Frontier Markets Risk** - Investments in frontier markets may be subject to a greater risk of loss than investments in more developed and traditional emerging markets. Frontier markets are more likely to experience inflation, currency and liquidity risks, political turmoil and rapid changes in economic conditions than more developed and traditional emerging markets. Frontier markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

**Illiquid and Long-Term Investment Risk** - Certain portfolios may invest in private debt instruments secured by infrastructure or other assets for which the number of potential purchasers and sellers, if any, is often limited. This factor may have the effect of limiting the availability of these obligations for origination or purchase by a respective portfolio and may also limit the ability of a portfolio to sell such obligations at their fair market value prior to termination of such portfolio or in response to changes in the economy or financial markets. In particular, such investments will be relatively illiquid and there can be no assurance that a portfolio will be able to realize on such investments in a timely manner.

**Income Risk** - A portfolio's income may decline when interest rates decrease. During periods of falling interest rates an issuer may be able to repay principal prior to the security's maturity ("prepayment"), causing the portfolio to have to reinvest in securities with a lower yield, resulting in a decline in the portfolio's income.

**Index-Related Risk** - Index strategies are passively managed and do not take defensive positions in declining markets. There is no guarantee that a portfolio managed to an index strategy ("index portfolio") will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio's ability to adjust its exposure to the required levels in order to track its underlying index. Errors in index data, index computations and/or the construction of the underlying index in accordance with its methodology occur from time to time without being identified and corrected for a period of time or at all, which may have an adverse impact on a portfolio managed to the index. BlackRock does not provide any warranty or guarantee against index providers' errors. The index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, and does not guarantee that the Index will be in line with its described index methodology. Errors and rebalances carried out by the index provider to the underlying index could increase the costs and market exposure risk of a portfolio.

**Interest Rate Risk** - When interest rates increase, fixed income securities or instruments will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments.

**Issuer Risk** - A portfolio's performance depends on the performance of individual securities to which the portfolio has exposure. Adverse changes to the financial condition or credit rating of an issuer of those securities often cause the value of the securities to decline or become worthless.



## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

**Investment Style Risk** - Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Portfolios can outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

**Liquidity Risk** - Liquidity risk exists when particular investments are difficult to purchase or sell (e.g., not publicly traded and/or no market is currently available or may become less liquid in response to market developments). This can reduce a portfolio's returns because the portfolio may be unable to transact at advantageous times or prices. Investments that are illiquid or that trade in lower volumes may be more difficult to value.

**Management Risk** - A portfolio is subject to management risk, which is the risk that the investment process, techniques and analyses applied will not produce the desired results, and those securities or other financial instruments selected for a portfolio will result in returns that are inconsistent with the portfolio's investment objective. Portfolios advised by BlackRock are subject to threshold limitations on aggregate and/or portfolio-level ownership interests in certain companies and commodities arising from statutory, regulatory or self-regulatory organization requirements or company ownership restrictions (e.g., poison pills or other restrictions in organizational documents). In addition, legislative, regulatory, or tax developments affect the investment techniques or opportunities, available in connection with managing the portfolio and can also adversely affect the ability of the portfolio to achieve its investment objective (e.g., where aggregate and/or portfolio-level ownership thresholds or limitations must be observed, a portfolio is subject to investment limitations in certain companies arising from statutory, regulatory or self-regulatory organization requirements or company ownership restrictions).

**Market Risk** - The market value of the instruments in which a portfolio invests will go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets.

**Micro-cap Companies Risk** - Stock prices of microcap companies are significantly more volatile, and more vulnerable to adverse business and economic developments, than those of larger companies. Microcap stocks are also thinly traded, making it difficult for a portfolio to buy and sell them.

**Municipal Securities Risk** - Municipal securities can be significantly affected by political or economic changes, as well as uncertainties in the municipal market related to taxation, changes in interest rates, relative lack of information about certain issuers of municipal securities, legislative changes or the rights of municipal security holders. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the inability to collect revenues for the project or from the assets.

**New Issue Securities Risk** – Investing in new issue securities involves risks that are in addition to those associated with investments which have been trading for an extended period of time because information typically used to evaluate investments often is not available for new issue securities. Subsequent to the purchase of a new issue security by BIM, information about the security or its issuer may become publicly available (e.g., the issuance of a credit rating by a Rating Agency) which could cause BIM to alter its view on the appropriateness of the investment for a portfolio.

**Non-Diversification Risk** - Non-diversification of investments means a portfolio invests a large percentage of its assets in securities issued by or representing a small number of issuers or exposure types. As a result, a portfolio's performance depends on the performance of a small number of issuers or exposures.

**Non-U.S. Securities Risk** - Investments in the securities of non-U.S. issuers are subject to the risks associated with non-U.S. markets in which those non-U.S. issuers are organized and operate, including but not limited to, risks related to foreign currency, limited liquidity, less government regulation, privatization, and the possibility of substantial volatility due to adverse political, economic, geographic events, or other developments, differences in accounting, auditing and financial reporting standards, the possibility of repatriation, expropriation or confiscatory taxation, adverse changes in investment or exchange controls or other regulations and potential restrictions on the flow of international capital. These risks are often

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

heightened for investments in smaller capital markets, emerging markets, developing markets or frontier markets.

**Offshore Investor Risk** - A portfolio seeking to trade in foreign currencies can have limited access to certain currency markets due to a variety of factors including government regulations, adverse tax treatment, exchange controls, and currency convertibility issues. These limitations and restrictions impact the availability, liquidity and pricing of the financial instruments that are necessary for the portfolio to gain exposure to the currency markets, impairing the portfolio's ability to achieve its investment objective.

**Operational Risk** - Inadequate or failed internal processes, people and systems, or external events can pose a direct or indirect risk when investing. This includes any errors, omissions, systems breakdown, natural disasters, and fraudulent activity, which could cause impact in terms of unavailability of services and potentially resulting in financial losses.

**Portfolio Turnover Risk**- Active and frequent trading of securities and financial instruments in a portfolio can result in increased transaction costs, including potentially substantial brokerage commissions, fees, and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result of portfolio turnover, the performance of a portfolio can be adversely effected.

**Quantitative Model Risk** - When executing an investment strategy using various proprietary quantitative or investment models, securities or other financial instruments selected can perform differently than expected, or from the market as a whole, as a result of a model's component factors, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction, implementation and maintenance of the models (e.g., data problems, software issues, etc.). There can be no assurance that a model will achieve its objective.

**Small Cap- & Mid-Cap Risk** - Compared to large-capitalization companies, small-capitalization and mid-capitalization companies are less stable and more susceptible to adverse developments, and their securities can be more volatile and less liquid.

**U.S. Economic Risk** - The U.S. is a significant trading partner with other countries. Certain changes in the U.S. economy can have an adverse effect on the economy and markets of other countries.

**Underlying Fund Risk** - A portfolio investing in funds (underlying funds), includes, but is not limited to the performance of the underlying fund and investment risk of the underlying funds' investment, depending upon whether the underlying funds involve highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. In particular, the risks for a portfolio operating under a fund of funds structure include, but are not limited to, the following: the performance of the portfolio will depend on the performance of the underlying funds' investments; there can be no assurance that a multi-manager approach will be successful or diversified, or that the collective performance of underlying fund investments will be profitable; one or more underlying funds could be allocated a relatively large percentage of the portfolio's assets; there could be limited information about or influence regarding the activities of the underlying fund's investment advisers and underlying funds, like any other asset, may be subject to trading restrictions or liquidity risk. Portfolio investments in underlying funds will generally be charged the proportionate share of the expenses of investing in the underlying fund(s).

**Valuation Risk** - The net asset value of a portfolio as of a particular date may be materially greater than or less than its net asset value that would be determined if a portfolio's investments were to be liquidated as of such date. For example, if a portfolio was required to sell a certain asset or all or a substantial portion of its assets on a particular date, the actual price that a portfolio would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of a portfolio. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of a portfolio.

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

**Volatility Risk** - The prices of a portfolio's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies

### Technology and Cybersecurity Risk

BlackRock is dependent on the effectiveness of the information and cybersecurity policies, procedures and capabilities it maintains to protect the confidentiality, integrity, and availability of its computer and telecommunications systems and the data that resides on or is transmitted through them. An externally caused information security incident, such as a cyber-attack including a phishing scam, malware, or denial-of-service attack, or an internally caused incident, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information. Moreover, BlackRock's use of mobile and cloud technologies could heighten these and other operational risks, as certain aspects of the security of such technologies may be complex, unpredictable or beyond BlackRock's control. BlackRock's usage of the public Internet, as well as any reliance on mobile or cloud technology or any failure by third party service providers to adequately safeguard their systems and prevent cyber-attacks, could disrupt BlackRock's operations and result in misappropriation, corruption or loss of personal, confidential or proprietary information. In addition, there is a risk that encryption and other protective measures may be circumvented, particularly to the extent that new computing technologies increase the speed and computing power available. Moreover, due to the complexity and interconnectedness of BlackRock's systems, the process of upgrading existing capabilities, developing new functionalities and expanding coverage into new markets and geographies, including to address client or regulatory requirements, may expose BlackRock to additional cyber- and information-security risks, as well as increased execution, operational and data management risks or system disruptions, impacting BlackRock, as well as clients who rely upon, or have exposure to, BlackRock's systems.

In addition, due to BlackRock's interconnectivity with third-party vendors, advisors, central agents, exchanges, clearing houses and other financial institutions, BlackRock may be adversely affected if any of them are subject to a successful cyber-attack or other information security event, including those arising due to the use of mobile technology or a third-party cloud environment. BlackRock also routinely transmits and receives personal, confidential or proprietary information by email and other electronic means. BlackRock collaborates with clients, vendors and other third parties to develop secure transmission capabilities and protect against cyber-attacks. However, BlackRock cannot ensure that it or such third parties have all appropriate controls in place to protect the confidentiality of such information.

Although BlackRock takes protective measures and endeavors to strengthen its computer systems, software, technology assets and networks to prevent, detect, react to and recover from potential cyber-attacks, there can be no assurance that any of these measures prove effective. Any information security incident or cyber-attack against BlackRock or third parties with whom it is connected, or issuers of securities or instruments in which the client portfolios invests, including any interception, mishandling or misuse of personal, confidential or proprietary information, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, loss of competitive position, regulatory fines and/or sanctions, breach of client contracts, reputational harm or legal liability.

### ***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 Guidelines"). Consistent with applicable rules under the Advisers Act, BlackRock has adopted and implemented written Proxy Voting Guidelines that are reasonably designed: (i) to vote proxies, 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 Guidelines and in a manner that BlackRock believes to be consistent with its fiduciary obligations, actual proxy voting decisions made on behalf of one client can 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 client accounts 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 "Investment Stewardship Group"), which is considered an investment function. BlackRock maintains oversight committees ("Investment Stewardship Committees") comprising senior BlackRock investment professionals for the following regions: Americas; Europe; Middle East and Africa; Asia Pacific; and Global. The Investment Stewardship Committees review and approve amendments to BlackRock's proxy voting 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 Investment Stewardship 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 Investment Stewardship 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 Investment Stewardship Group, or vendors overseen by the Investment Stewardship Group, also monitor upcoming proxy votes, execute proxy votes and maintain records of votes cast. The Investment Stewardship Group has adopted policies and procedures to provide ongoing oversight of any vendors used to vote proxies in the best interest of clients. The Investment Stewardship Group will refer complicated or particularly controversial matters or discussions to the appropriate investors and/or regional Investment Stewardship Committees for their review, discussion, and guidance prior to making a voting decision. BlackRock's Equity Investment Portfolio Oversight Committee oversees certain aspects of the Global Corporate Governance Committee and the Investment Stewardship 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 the client, the client's affiliates (if any), 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 Investment Stewardship Committees. From time to time, the Investment Stewardship Committees, in the exercise of their business judgment, will 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)

## Item 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

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; (vi) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions; and (vii) regulatory threshold constraints.

As a consequence, BlackRock votes proxies only on a "best-efforts" basis. In addition, the Investment Stewardship Committees may in some circumstances determine that it is generally in the best interests of BlackRock Clients not to vote proxies 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, generally will seek to vote proxies over which BlackRock exercises voting authority in a uniform manner for all BlackRock Clients, in certain circumstances, the portfolio manager of an account, in consultation with the Investment Stewardship Group, will 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 from time to time legitimately will reach differing but equally valid views, for their funds and the client assets in those funds, 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, BlackRock's affiliates, a fund or a fund's affiliates. BlackRock manages most conflicts through the structural separation of the Investment Stewardship Group from employees with sales responsibilities. In certain instances, BlackRock will 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 either will 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 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.

BlackRock will provide clients, upon request, a copy of the Proxy Voting Guidelines, which is also available at:

<http://www.blackrock.com/corporate/en-us/about-us/investment-stewardship/voting-guidelines-reports-position-papers> - ("Global Corporate Governance & Engagement Principles"). BlackRock also will provide clients, upon request, information regarding how BlackRock voted their proxies. Except with respect to U.S. Private Funds and third-party funds registered under the Investment Company Act advised by a BlackRock Investment Adviser, where disclosure is mandated by SEC rules, BlackRock will not disclose how it voted for a client to third-parties, unless specifically requested, in writing, by the client. However, where BlackRock serves as a sub-adviser to another adviser to a client, BlackRock will be deemed to be authorized to provide proxy voting records with respect to such accounts to that adviser. In addition, information on how BlackRock voted proxies for certain BlackRock US Funds can be found at: <http://www.blackrock.com/corporate/en-us/about-us/investment-stewardship/voting-guidelines-reports-position-papers> - (Reports - "Proxy Voting History").



## 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 Commodities Futures Trading Commission ("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 has business arrangements with related persons/companies that are material to BlackRock's advisory business or to its clients. In some cases, these business arrangements create the potential for a 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"), and BlackRock Execution Services ("BES") are broker-dealers registered under the Securities Exchange Act of 1934, as amended and are members of the Financial Industry Regulatory Authority. BRIL, and BES are direct or indirect wholly-owned subsidiaries of BlackRock, Inc.

- BRIL is primarily engaged in the wholesale marketing of certain BlackRock proprietary funds registered under the Investment Company Act, including exchange traded registered investment companies ("US iShares ETFs"), (collectively, "BlackRock US Funds"), to other registered broker-dealers, investment advisers, banks and other entities, 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 Investment Advisers and BTC, acts as the distributor for US iShares ETFs.

- BES provides account introduction and execution services to certain transition accounts of BlackRock Investment Advisers and affiliates that have been authorized or directed by the transition clients to use BES to the extent consistent with applicable laws.

*Affiliated Registered Investment Advisers*

BIM is affiliated with other investment advisers registered with the SEC under the Advisers Act, which are subsidiaries of BlackRock, Inc. Such investment advisers are: BlackRock Financial Management, Inc. ("BFM"), BlackRock Advisors, LLC ("BAL"), BlackRock International Limited ("BIL"), BlackRock Capital Management, Inc. ("BCM"), BlackRock Fund Advisors ("BFA"), BlackRock (Singapore) Limited ("BSL"), BlackRock Asset Management North Asia Limited ("BAMNAL"), BlackRock Asset Management Schweiz AG ("BAMS"), BlackRock Realty Advisors, Inc. ("Realty"), FutureAdvisor, BlackRock Alternatives Management, LLC. ("BAMLLC"), Global Energy & Power Infrastructure Advisors, L.L.C. ("GEPIA"), Global Energy & Power Infrastructure II Advisors, L.L.C. ("GEPIA II") and BlackRock Capital Investment Advisors LLC ("BCIA").

*Commodity Futures Trading Commission ("CFTC") - Commodity Pool Operator / Commodity Trading Advisor*

BIM serve as commodity pool operator and commodity trading advisor to accounts of clients. Certain of BIM affiliates serve as commodity pool operators and commodity trading advisors to accounts of clients.

- BFM, BFA, BAL and BTC are registered as commodity pool operators and commodity trading advisors.
- BCM, BSL, GEPIA, GEPIA II, BCIA and BlackRock Investment Management (UK) Limited, are exempt commodity pool operators and exempt commodity trading advisors.
- BIL is a registered commodity trading advisor.
- iShares Delaware Trust Sponsor LLC is a registered commodity pool operator.
- BAMNAL is an exempt commodity trading advisor.

All of the non-exempt BlackRock Investment Advisers listed above are members of the National Futures Association (the "NFA"). The NFA and CFTC each administer a comparable regulatory system covering futures contracts, swaps and various other financial and derivative instruments in which BlackRock Clients.

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

BlackRock, Inc. is a publicly traded company incorporated in the State of Delaware. At December 31, 2017, The PNC Financial Services Group, Inc. (together with its subsidiaries, "PNC") held 21.2% of BlackRock's voting common stock and 21.7% of BlackRock's capital stock, which includes outstanding common and non-voting preferred stock.

BAL as of December 31, 2017 owned approximately 36.5% economic interest, and 4.9% voting interest in 52nd Street Capital Advisors LLC.

From time to time, PNC Capital Markets, LLC participates in underwritings of initial common and/or preferred share offerings of funds in the BlackRock Closed-End Complex. From time to time, Midland Loan Services, a division of PNC Bank, National Association, can act as primary servicer, master servicer and/or special servicer in respect of assets held by funds managed by BlackRock.

BTC, an indirect subsidiary of BlackRock, Inc., is a national banking association organized under the laws of the US, and operates as a limited purpose trust company. BTC provides investment management and fiduciary services for client accounts, including trust accounts, common trust funds and group trusts maintained by BTC and other unregistered investment vehicles. BTC also securities lending services to

certain registered and unregistered investment funds managed by BlackRock. BTC is registered as a Municipal Advisor with both the SEC and the Municipal Securities Rulemaking Board.

Through a holding company subsidiary, BlackRock, Inc. owns a non-controlling interest in a joint venture, PennyMac Financial Services, Inc. ("PFSI") and Private National Mortgage Acceptance Company, LLC ("PNMAC"). PFSI is a publicly traded financial services firm (NYSE: PFSI) with a focus on correspondent lending, and investing in and servicing residential mortgage assets. PFSI is the managing member of, and conducts most of its operations through PNMAL. PNMAL owns PNMAL Capital Management, LLC, an SEC registered investment adviser, that manages PennyMac Mortgage Investment Trust, a publicly traded REIT (NYSE: PMT), and other investment funds.

A subsidiary of BlackRock, Inc. and Chubb Limited ("Chubb") partially funded the creation of a reinsurance company, ABR Reinsurance Capital Holdings Ltd. (together with its wholly owned subsidiary ABR Reinsurance Ltd., "ABR Re"), pursuant to which BlackRock has approximately a 9.9% ownership interest ("ABR Re Transaction"). Chubb is a publicly traded company whose securities are held in BlackRock Client accounts. The subsidiary of BlackRock, Inc. and Chubb have representation on the board of directors of ABR Re. An independent director of certain BlackRock US Funds also serves as an independent director of Chubb and has no interest or involvement in the ABR Re Transaction. Certain employees and executives of BlackRock have a less than 1/2 of 1% ownership interest in ABR Re. BFM manages the investment portfolio of ABR Re. ABR Re participates as a reinsurer with respect to a portfolio of reinsurance contracts written by subsidiaries of Chubb.

BlackRock, Inc. owns indirectly through BFM a non-controlling interest in a joint venture, Luminex Trading & Analytics LLC ("Luminex"). Luminex is an independent equity trading venue owned and operated by a consortium of leading investment management firms. It provides a platform for investment managers to trade large blocks of stock with other investment managers at a lower cost and uses transparent trading rules and protocols.

Through a holding company subsidiary, BlackRock, Inc. owns a non-controlling interest in iCapital Networks ("iCapital"). iCapital is a financial technology platform that provides access to alternative investments for high-net-worth investors and their financial advisors. iCapital's platform provides combination of due diligence capabilities, technology and relationships with alternative asset managers to facilitate investments in hedge funds and private equity funds, including BlackRock. Certain executives of BlackRock serve on iCapital's Board of Directors. iCapital may serve as the managing member or general partner of, and/or other service provider to, certain investment funds managed by BlackRock.

Cachematrix Holdings, LLC is an indirect, wholly-owned subsidiary of BlackRock, Inc., that, together with its subsidiaries, provides technology to banks and other clients, facilitating online trading in money market funds (managed by BlackRock, as well as third party asset managers) and other products.

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.

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 non-controlling interest in a joint venture, DSP BlackRock Investment Managers Private Limited ("DSP India"). DSP India is a financial services company that serves as asset manager in India.

Through a holding company subsidiary, BlackRock, Inc. owns a non-controlling interest in Managed Account Partners (Holdings) Limited, a company that provides managed account services through its wholly-owned subsidiary, Managed Account Partners Limited.

Within the guidance set forth under applicable law, the relevant no-action letter(s) and related SEC staff guidance, registered investment advisers are permitted to access the services of unregistered affiliates under prescribed conditions (“participating affiliates”). BlackRock Advisors (UK) Limited (“BALUK”) is a participating affiliate of BFA. BlackRock Japan Co., Ltd. (“BlackRock Japan”) is a participating affiliate of BFM and BIL. BlackRock Investment Management (Australia) Limited (“BlackRock Australia”) is a participating affiliate of BFM and BAL. The prescribed 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 U.S. courts and cooperating with the SEC as it relates to accounts advised by BFA, BFM, BIL and BAL, for which BALUK, BlackRock Japan, or BlackRock Australia, respectively, may provide services to pursuant to the relevant participation agreement.

BIL is authorized and regulated by the Financial Conduct Authority, the independent financial services industry regulator in the United Kingdom, and has permission from the Financial Supervisory Service in South Korea to perform (a) Investment Advisory Services and (b) Discretionary Investment Services.

BAMNAL is located in Hong Kong and is licensed by the Securities and Futures Commission and Mandatory Provident Fund Schemes Authority of Hong Kong. The China Securities Regulatory Commission has granted BAMNAL licenses as a Qualified Foreign Institutional Investor and Renminbi Qualified Foreign Institutional Investor. While not its primary business, BAMNAL also provides real estate investment services which include the acquisition, disposition and supervision of management and improvement of real estate investments for its clients.

BSL is located in Singapore and licensed by the Monetary Authority of Singapore. BSL is licensed with the China Securities Regulatory Commission as Renminbi Qualified Foreign Institutional Investor.

BAMS is located in Switzerland and is registered as a management company with the Swiss Financial Market Supervisory Authority.

BFA, BSL and BAMNAL are licensed with the Securities and Exchange Board of India as a Foreign Portfolio Investor/Foreign Institutional Investors.

BlackRock uses BES to provide account introduction and execution 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, other laws and regulations and related relief, as applicable to the transaction. These policies and procedures, and the related laws and regulations, address the potential for conflicts of interest arising in connection with using an affiliate to provide trade execution services on behalf of such BlackRock Clients.

BlackRock Index Services, LLC (“BIS”), an affiliate of BIM, is the index provider to client accounts advised by affiliated BlackRock Investment Advisers, including US Registered Funds. The BlackRock Investment Advisers and BIS have established a governance framework designed to prevent the undue influence of the BlackRock Investment Advisers in the operation of any index developed by BIS (“BIS Index”). This framework includes information barriers to restrict the sharing of confidential information and a committee that approves index methodology changes and is independent of portfolio management and trading. BIS Indices can be utilized by funds, accounts and other investment products and tools. When permitted, BIS indices may include certain US Registered Funds advised by a BlackRock Investment Adviser as an index constituent. Certain of these indices are Underlying Indices of investment vehicles including certain US Registered Funds advised by a BlackRock Investment Adviser. Where BIS is the index provider, BlackRock may pay BIS licensing fees for use of a BIS Index or index name, but only when permissible under applicable law.

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

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. PNC, one of the largest diversified financial services organizations in the U.S., has a significant economic interest in BlackRock; as a result, PNC and certain of its affiliates may be treated as “affiliates” of BlackRock, certain BlackRock subsidiaries and/or funds managed by them.

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 that invest primarily in other affiliated or unaffiliated investment vehicles (“Funds of Funds”) and separate accounts across fixed income, cash management, equity, multi-asset, alternative investment and real estate strategies, providing discretionary and non-discretionary financial advisory services, providing enterprise trading systems, risk analytics, investment accounting and trading support advisory services under the BlackRock Solutions® (“BRS”) brand and engaging in certain broker-dealer activities, transition management services, mortgage servicing and other activities. BlackRock acts as, among other things, an investment manager, investment adviser, broker dealer and under certain circumstances an index provider; additionally, PNC may act as, among other things, an investor, investment banker, commercial banker, research provider, investment adviser, custodian, administrator, primary servicer, master servicer, special servicer, trustee, financier, adviser, market maker, placement agent, proprietary trader, prime broker, commodity firm, pricing vendor, solicitor, broker, dealer, transfer agent, record keeper, alternative trading systems (“ATS”), electronic communication network (“ECN”), authorized participant for US iShares ETFs, derivative or swap counterparty, underwriter, municipal securities dealer, index provider, lender, futures commission merchant, or agent.

BlackRock, makes 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, including participation in marketing activities, educational programs, conferences, and technology development and reporting, 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, or for other services or activities that facilitate investments by BlackRock Clients in such funds. 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 in some instances are affiliates of PNC.

Each of BlackRock 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 PNC and its respective other affiliates, directors, partners, trustees, managers, members, officers, and employees (collectively, “PNC Affiliates”), including those 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 are 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 PNC Affiliates as described below, BlackRock Clients could have multiple business relationships with members of the BlackRock Group and the 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 PNC Affiliates perform, or seek to perform, risk management, investment system outsourcing, financing, investment banking, lending, loan servicing, or other services. BlackRock Clients could also likely undertake transactions in securities in which one or more PNC Affiliates make a market or otherwise have direct or indirect interests. Although the relationships and activities of the BlackRock Group

and the PNC Affiliates tend to offer attractive opportunities and services to BlackRock Clients, such relationships and activities also 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, consistent with applicable law, BlackRock, PNC and their respective affiliates and personnel can 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 result from, among other reasons, BlackRock paying a portion of its advisory fee to its affiliate or other compensation arrangements, including for portfolio management, brokerage transactions, or account servicing. Any differential in compensation creates a potential financial incentive on the part of BlackRock, PNC, 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 BlackRock Client and applicable law, and will seek to give advice to, and make investment decisions for, such BlackRock Client that the BlackRock Investment Adviser believes to be in the best interests of such BlackRock Client. However, from time to time, investment allocation decisions are 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 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 restrict certain investment activities of BlackRock Investment Advisers for BlackRock Clients.

These and other potential conflicts are discussed generally herein or in the relevant IMA, offering documents and/or governing 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 and PNC Affiliates 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 the interests of BlackRock Clients ahead of its own and those of its PNC Affiliates in the provision of investment management and advisory services.

#### *BlackRock's Global Personal Trading Policy and Other Ethical Restrictions*

BlackRock's and the BlackRock Investment Advisers' directors, officers, and employees buy, sell, and hold for their own and their family members' accounts public securities, private securities, and other investments in which such BlackRock personnel have a pecuniary interest, whether because they are also bought, sold, or held for BlackRock Clients or through accounts (or investments in funds) managed by BlackRock Investment Advisers or otherwise. As a result of differing trading and investment strategies or constraints, positions taken by BlackRock directors, officers, and employees can be the same as or different from, or made contemporaneously or at different times than, positions taken for BlackRock Clients.

As these situations involve potential conflicts of interest, BlackRock has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations, including the Global Personal Trading Policy 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 Global Personal Trading Policy contains provisions regarding employee personal trading and, reporting requirements that are designed to address potential conflicts of interest 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 Global

Personal Trading Policy, requires employees to comply with the applicable federal securities laws, 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 Global Personal Trading Policy requires that employees at BlackRock conduct all of their personal investment transactions in a manner that is consistent with applicable federal securities laws, the BlackRock Global Insider Trading Policy and other policies of BlackRock. These requirements include reporting of personal investment accounts, pre-clearance of personal trading transactions, as well as reporting investment transactions. The Global Personal Trading Policy also generally prohibits employees from acquiring securities in initial public offerings, and contains prohibitions against profiting from short-term trading, subject to very limited exceptions. The Global Personal Trading Policy 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 Global Personal Trading Policy and other BlackRock policies contain provisions that are designed to prevent conflicts relating to the use of inside information and to participating in outside activities.

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 is subject to potential remedial action. BlackRock will determine on a case by case basis what remedial action should be taken in response to any violation, including potential voiding or reversal of a trade, the cost of which will be borne by the employee or owner of the account or limiting an employee's personal trading for some period of time. The Global Personal Trading Policy will be made available to a BlackRock Client or prospective client upon request.

#### *Outside Activities*

Members of the BlackRock Group have a duty to act solely in the interest of BlackRock's Clients; as such BlackRock's Global Outside Activity Policy requires that BlackRock employees obtain approval before engaging in any outside activities so that BlackRock has the opportunity to consider whether such activities create actual or potential conflicts of interest. The Global Outside Activity Policy is intended to identify activities that have the potential to conflict with an employee's role at BlackRock and/or BlackRock's activities.

#### *Political Contributions*

BlackRock's political contributions policy establishes the requirements that apply when BlackRock and its employees make or solicit U.S. political contributions or engage in political activities in the U.S. The policy prohibits BlackRock and its employees from making or soliciting U.S. political contributions for the purpose of obtaining or retaining business. The policy requires employees to pre-clear U.S. political contributions before they, their spouse, domestic partner, or dependent children make any contributions to a political candidate, government official, political party, or political action committee ("PAC") in the U.S.

The BlackRock PAC, a non-partisan political action committee, is supported voluntarily by eligible U.S. employees to help elect U.S. federal candidates who the PAC's Board of Directors determines share BlackRock's values and goals.

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

## ***Conflicts of Interest***

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

The results of the investment activities provided to a BlackRock Client can 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 BlackRock Client. However, members of the BlackRock Group (including BlackRock Investment Advisers), as well as 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 a PNC Affiliate, their own accounts or a client of a PNC Affiliate, that competes or conflicts 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 advice that may involve different timing than that of a BlackRock Client. The potential conflicts include, in particular, members of the BlackRock Group, the PNC Affiliates and one or more BlackRock Clients buying or selling positions while another BlackRock Client is undertaking the same or a differing, including potentially opposite, strategy. Similarly, BlackRock Investment Advisers' management of BlackRock Client accounts may benefit members of the BlackRock Group and PNC Affiliates, including, to the extent permitted by applicable law, investing BlackRock Client accounts directly or indirectly in the securities of companies in which a member of the BlackRock Group, or other BlackRock Client, or a 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 PNC Affiliate, being relieved of obligations or otherwise have to divest or cause BlackRock Clients to have to divest certain investments. In some instances, 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 PNC Affiliate's proprietary or client account with respect to such companies. This gives rise to potential conflicts of interest.

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

Funds of Funds or other accounts managed by a BlackRock Investment Adviser often acquire a financial interest in certain underlying funds which generally, but not always will include direct or indirect receipt of a portion of any management or performance-based fees paid by the underlying funds to their respective general partner, managing member, or investment adviser. These interests can involve additional rights such as board representation or other means to influence the management or business decisions of such underlying fund. These relationships create the potential for conflicts of interest between Funds of Funds or accounts receiving such interests and other funds or accounts managed by a BlackRock Investment Adviser.

### ***Cross Trades***

In certain circumstances, BlackRock Investment Advisers effect purchases and sales between BlackRock Clients or clients of affiliates ("cross trades") if BlackRock Investment Advisers believe such transactions are appropriate based on each party's investment objectives and guidelines, subject to applicable law and regulation (but are not required to effect such cross-trades). In this regard, BlackRock maintains a cross-trading program covering various strategies pursuant to which securities are bought and sold among BlackRock Clients. Cross trades for accounts subject to ERISA are made in accordance with applicable U.S. Department of Labor ("DOL") regulations and relevant exemptions. Where a US Registered Fund participates in a cross trade, the BlackRock Investment Advisers will comply with the US Registered Fund's procedures adopted pursuant to Rule 17a-7 under the Investment Company Act and related regulatory authority. In certain circumstances, based on product and account type, an independent pricing source might be used. BlackRock Investment Advisers seek to assure that the price used in a cross trade is fair and appropriate, and in keeping with, or as required by the relevant regulations.



In addition, a BlackRock Client account may enter into “agency cross transactions,” in which a member of the BlackRock Group may act as broker for such BlackRock Client account and for the other party to the transaction, to the extent permitted under applicable law and subject to the terms of the governing documents of such BlackRock Client account. In such cases, the relevant BlackRock Investment Adviser and such affiliate may have a potentially conflicting division of loyalties and responsibilities regarding both parties to the transaction. The authority of the BlackRock Investment Advisers to conduct such agency cross-transactions is subject to the right of the BlackRock Client account investors to revoke such authority by the affirmative vote of a majority of those BlackRock Client account investors who are not directly or indirectly affiliated with the relevant BlackRock Investment Adviser, voting as a single class or, in the case of certain BlackRock Client accounts, the approval of the respective advisory boards of such BlackRock Client accounts. To the extent that any provision of Section 11(a) of the Exchange Act or any of the rules promulgated thereunder is applicable to any transactions effected by the relevant BlackRock Investment Adviser, such transactions will be effected in accordance with the requirements of such provisions and rules.

*Inconsistent Investment Positions and Timing of Competing Transactions*

From time to time, BlackRock takes an investment position or action for one or more accounts that is different from, or inconsistent with, an action or position taken for one or more other accounts having similar or differing investment objectives, resulting in potential adverse impact, or in some instances benefit, to 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 could 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. This may occur when portfolio decisions regarding a BlackRock Client account are based on research or other information that is also used to support portfolio decisions for other client accounts. 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, (whether or not the portfolio decisions emanate from the same research analysis or other information), 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 also arise when portfolio decisions regarding a BlackRock Client benefit other BlackRock Clients, for example, where the sale of a long position or establishment of a short position for a BlackRock Client decreases the price of the same security sold short by (and therefore benefit) a BlackRock Group member or other BlackRock Clients, or the purchase of a security or covering of a short position in a security for a BlackRock Client results in an increase in the price of the same security held by (and therefore benefit) a BlackRock Group member or other BlackRock Clients.

Under certain circumstances, if a BlackRock Client (or a group of BlackRock Clients) invests 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) can result in 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. For example, the BlackRock Investment Advisers’ decision on behalf of other client accounts to sell, redeem from, or otherwise liquidate a security in which a BlackRock Client account is invested may adversely affect such BlackRock Client account, including by causing such investment to be less liquid or more concentrated, or by causing such BlackRock Client account to lose the benefit of certain negotiated terms. 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 own private securities or obligations of an

issuer and other BlackRock Clients own public securities of the same issuer. For example, a BlackRock Client (or group of BlackRock Clients) acquiring a loan, loan participation, or loan assignment of a particular borrower in which one or more other BlackRock Clients have an equity investment. In addition, different BlackRock Clients investing in securities of an issuer that have different voting rights, dividend or repayment priorities or other features that could be in conflict with one another. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, the BlackRock Investment Advisers' interests, BlackRock Client (or group of BlackRock Clients) interests, 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 who could be paid in full likely will be better served by a liquidation of the issuer, whereas an equity holder would be better served by 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 on behalf of BlackRock Clients, 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 Financial Markets Advisory Group ("FMA"), Client Portfolio Solutions, and other business units, may advise entities 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 BlackRock Clients, may seek to purchase securities or other assets from the foregoing portfolios and may engage, without limitation, in related activities to bid down the price of assets in such portfolios, which may have an adverse effect on those portfolios.

#### *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 are limited by rules issued by regulators or self-regulatory organizations, 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, Inc. and BlackRock Investment Advisers, certain persons within the BlackRock Group receive information regarding proposed investment activities for BlackRock and BlackRock Clients that is not generally available to the public. Also, BlackRock Investment Advisers have access to certain fundamental analyses, research and proprietary technical models developed internally or by other members of the BlackRock Group, 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 are 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 in "Potential Conflicts Relating to Advisory Activities". Similarly, one or more BlackRock Clients could have, as a result of receiving client reports or otherwise, access to information regarding BlackRock Investment Advisers' transactions or views, including views on voting proxies, which are not available to other BlackRock Clients, and 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 could also be adversely affected when cash flows and market movements result 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, 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 invests 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 one of their affiliates has significant debt or equity investments, in which an affiliate makes a market or in which an affiliate provides or anticipates someday providing 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 non-public information about an issuer. Moreover, conflicts of interest could arise where members and personnel of the BlackRock Group, including BlackRock Investment Advisers' personnel or other BlackRock personnel advising or otherwise providing services to BlackRock Clients, have possession of information not available to all BlackRock personnel, and such personnel act on the basis of such information, or are required to refrain from acting, in ways that have adverse effects on BlackRock Clients.

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

BlackRock Group receives material non-public information in the ordinary course of its business. This is 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. This information is received voluntarily and involuntarily and under varying circumstances, including, but not limited to, upon execution of a non-disclosure agreement, as a result of serving on the board of directors of a company, serving on ad hoc or official creditors' committees and participation in risk, advisory or other committees for various trading platforms, clearinghouses and other market infrastructure related entities and organizations. 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 is generally prohibited from communicating that information to, or using that information for the benefit of, BlackRock Clients, which could limit the ability of BlackRock Clients to buy, sell, or hold investments and result in an underlying security or investment being priced inconsistently across BlackRock Clients. BlackRock has no obligation or responsibility to disclose

the information to, or use such information for the benefit of, any person (including BlackRock Clients), even if requested by BlackRock or its affiliates and even if failure to do so would be detrimental to the interests of that person. BlackRock has adopted a Global Insider Trading Policy and a Global Material Non-public Information Barrier Policy, which establish procedures reasonably designed to prevent the misuse of material non-public information by BlackRock and its personnel. Under the Global 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 or for their personal accounts.

BlackRock also has adopted policies establishing 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 will be constrained as a consequence of BlackRock's policies regarding material non-public information and insider trading and related legal requirements.

Consequently, BlackRock Investment Advisers' investment activities likely will be impacted by receipt of such information, even if a failure to act on such information is ultimately detrimental to BlackRock Clients. In addition, use of such information would also be prohibited by BlackRock's Global Insider Trading Policy.

From time to time, certain BlackRock employees use paid expert networks, (subject to the BlackRock policies regarding the handling and restricted use of material non-public information). BlackRock has adopted specific policies and procedures to prevent and address the receipt of any material non-public information from such expert networks.

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

Subject to applicable law, BlackRock Clients have a choice of engaging the securities and futures brokerage or dealer, custodial, derivatives, trustee, agency, mortgage servicing, lending, banking, advisory services and other commercial services of, or investing in one of a spectrum of investment products provided or sponsored by, another BlackRock Investment Adviser, other members of the BlackRock Group or a PNC Affiliate. Additionally, the BlackRock Investment Advisers 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, PNC Affiliates, and their respective subsidiaries and related persons, with or without respect to BlackRock Clients, give rise to potential conflicts of interest and could have potentially adverse effects on BlackRock Clients, 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 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 not be reduced or offset by reason of receipt by BlackRock or a PNC Affiliate of any such fees or other amounts. In some instances, members of the BlackRock Group or a PNC Affiliate, when acting in such commercial capacities, take commercial steps in their own interests, which can be adverse to those of the BlackRock Clients. Except as otherwise described herein, a BlackRock Investment Adviser may not 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 BlackRock's global capabilities to BlackRock clients. 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 mitigate 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, when appropriate and in accordance with applicable laws, investment objectives and guidelines, will purchase on behalf of BlackRock Clients, or will recommend to BlackRock Clients that they purchase, shares of US Registered Funds or other pooled investment vehicles (including Private Funds) for which BlackRock Investment Advisers serve as investment adviser or sub-adviser collectively (i.e., "Affiliated Funds"). Certain BlackRock Investment Advisers that are domiciled outside of the U.S. serve as investment manager to ETFs domiciled outside of the U.S. (the "Foreign iShares ETFs"). Certain Foreign iShares ETFs may, from time to time, invest in the securities of the US iShares ETFs pursuant to a no-action letter issued by the SEC staff. In connection with any proxies solicited by the US iShares ETFs, the Foreign iShares ETFs will either abstain from voting or withhold voting, or if a quorum is reasonably expected to be achieved without any action, refrain from voting. BlackRock Investment Advisers also invest BlackRock Client assets in other portfolios managed by BlackRock Investment Advisers (collectively, "Affiliated Accounts"). In the case of Funds of Funds or separate accounts managed in a similar style, this may take the form of an investment in other Private Funds or separate accounts managed by BlackRock affiliates.

From time to time, as authorized in a Private Investors Client's investment management agreement with BIM, and when either contemplated by a Private Investors Client's investment strategy or upon direction from a Client, BIM will invest Private Investors Accounts in funds (such as mutual funds, ETFs and/or other pooled investment vehicles, including but not limited to Affiliated Funds. Except under limited circumstances described below, when BIM invests Private Investors Accounts in such funds, BIM typically invests solely in Affiliated Funds. Generally, BIM only will invest Private Investors Accounts in funds that are not Affiliated Funds upon direction from the Client or in limited circumstances (e.g., if a Private Investors Client directs BIM to conduct year-end "tax loss selling" on its behalf, and some of such sales include shares of an Affiliated Fund, BIM might reinvest the proceeds of such sale in a similar, non-Affiliated Fund for a short period of time in order to avoid the triggering of "wash sale" rules).

BIM faces potential conflicts when recommending the purchase of, or allocating the assets of a Private Investors Client to one or more Affiliated Funds with respect to which BlackRock receives fees and/or other compensation. In hindsight, circumstances could be construed that such recommendation or allocation conferred a benefit upon the Affiliated Fund or BlackRock to the detriment of the Private Investors Client.

As a shareholder in a pooled investment vehicle, a Private Investors Client will pay a proportionate share of the vehicle's fees and expenses. Investment by a Private Investors Client in an Affiliated Fund means that, subject to applicable laws, BlackRock will receive directly or indirectly advisory fees and/or other

compensation from the Affiliated Fund that are in addition to the fees it will receive from the Private Investors Client for managing the separate account.

Some Affiliated Funds could be considered “start-up” or early stage funds with low assets under management. In addition, BlackRock might have its own seed capital invested in certain Affiliated Funds and/or could have discretionary control of a significant amount of BlackRock Client assets invested in such Affiliated Funds. Withdrawing seed capital or BlackRock Client assets from such Affiliated Funds potentially could disadvantage the other BlackRock Clients and other investors invested in the Affiliated Fund.

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 could result in compensation to BlackRock or an affiliate that is in addition to the fees BlackRock will receive for managing the separate account. BlackRock Clients should notify BlackRock if they do not want their separate account assets or Private Fund investments to be invested in Affiliated Funds. Certain BlackRock Clients can invest directly in certain Affiliated Funds or other US Registered Funds outside of their separate accounts without paying additional separate account management fees to BlackRock. Consistent with applicable law, BlackRock may waive fees and/or reimburse fees or expenses for some BlackRock Clients while not waiving fees or reimbursing fees or expenses for other BlackRock Clients.

The separate account management fees paid by certain retirement accounts (including those subject to ERISA) that invest in mutual funds or ETFs 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 applicable law. In addition, in certain circumstances (e.g., at BlackRock’s discretion or if required by applicable contractual arrangements), BlackRock, in order to avoid duplication of advisory fees, will waive or credit all or a portion of its separate account investment management fee with respect to assets of a BlackRock Client invested in shares of any such Affiliated Funds or separate accounts managed by another BlackRock Investment Adviser. To the extent permissible under applicable law and the terms of any relevant contractual arrangement, BlackRock will institute, waive or alter the terms of such a waiver from time to time in its sole and absolute discretion. Similar conflicts will apply where the fund or account is managed by a PNC Affiliate.

To the extent permitted by applicable laws, BlackRock and its affiliates make payments to financial intermediaries relating to the placement of interests in Private Funds. These payments are in addition to or in lieu of any placement fees payable by investors in those Private Funds. These payments, potentially significant to the financial intermediary and/or its representatives, can create an incentive for the financial intermediary to recommend the Private Fund over other products.

Certain Private Funds and BlackRock Investment Advisers or even their direct or indirect parent companies, including PNC Affiliates, may be subject to regulations under the Bank Holding Company Act of 1956, as amended (“Bank Holding Company Act”) resulting in limits or restrictions on investments in certain companies, and underlying funds that invest in funds subject to Bank Holding Company Act regulations. These restrictions are generally discussed in each applicable Private Fund’s offering memorandum.

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) was signed into law in the U.S. The Dodd-Frank is expansive in scope and requires the adoption of extensive regulations and numerous regulatory decisions, many of which have been adopted. BlackRock has a conformance program to address certain regulations adopted under Dodd-Frank, as well as financial reforms that have been introduced as part of the SEC’s investment company modernization initiatives.

In addition, the SEC, Federal Reserve, the Internal Revenue Service and CFTC each continue to review practices and regulations relating to the use of futures, swaps and other derivatives. Such reviews could result in regulations that restrict or limit the use of such products by funds or accounts. If adopted, these limitations could require BlackRock to change certain business practices or implement new reporting or compliance processes, which could result in additional costs and/or restrictions.

*Use of PNC Affiliates to Provide Services or Execute Transactions*

Subsidiaries of PNC are registered broker-dealers, as described in the subsection above titled “Other Financial Industry Activities and Affiliations” above (collectively, “PNC Broker-Dealers”). PNC Broker-Dealers 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. These activities 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, from time to time enter into relationships with, or engage in transactions with or through, various PNC Affiliates that 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 US Registered Funds. For information specific to ERISA, please see “*Considerations for ERISA Clients*” below.

A 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 PNC Broker-Dealer by the boards of directors/trustees to determine that the rates paid are usual and customary

In other cases, BlackRock Investment Advisers place orders on behalf of BlackRock Clients with unaffiliated brokers or dealers to buy or sell securities for which 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 potentially will be matched with an order from another BlackRock Investment Adviser, a member of the BlackRock Group or a PNC Affiliate, or a client of a PNC Affiliate, without the BlackRock Investment Adviser’s knowledge. 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 PNC Broker-Dealer on behalf of a BlackRock Client potentially will be matched with an order from that PNC Broker-Dealer or a customer of such PNC Broker-Dealer, without the BlackRock Investment Adviser’s knowledge,. However, BlackRock and each PNC Broker-Dealer are separate entities, and BlackRock has neither advance knowledge of, nor control over, the counterparty. Nonetheless, BlackRock seeks, to the extent practicable, to conduct such transactions 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 can 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.

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

From time to time, BlackRock Investment Advisers may purchase on behalf of BlackRock Clients unregistered securities for which a PNC Broker-Dealer acts as placement agent. This results in additional fees paid to the PNC Broker-Dealer and/or assist the 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 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 PNC Broker-Dealer serves as a lead underwriter, manager or member of the underwriting syndicate. In such cases, the purchase generally will be made from a party that is not the PNC Broker-Dealer, but the PNC Broker-Dealer nevertheless may 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 PNC Broker-Dealer is engaged in an underwriting or other distribution of securities or bank loans of a company, BlackRock Investment Advisers is prohibited, for certain types of BlackRock Clients, from purchasing or recommending the purchase of certain securities or bank loans 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*

Subject to applicable laws and regulations, from time to time, BlackRock Investment Advisers cause BlackRock Clients to borrow money from PNC Affiliates, potentially requiring collateral, consisting of assets in the BlackRock Client’s account, to be pledged in connection with such borrowing. Such PNC Affiliates will earn interest, payable out of BlackRock Client funds, on such borrowings, as well as fees for servicing loans made to BlackRock Clients.

Each US Registered Fund advised by a BlackRock Investment Adviser, relies on an exemptive order from the SEC permitting it to lend portfolio securities to affiliated borrowers. Pursuant to that order, each US Registered Fund is permitted to retain a Lending Agent as a 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 US Registered Fund, invest cash collateral received by the US Registered Fund for such loans, among other things, in a private or in US registered money market fund or other cash management vehicle sponsored, advised or managed by a BlackRock Investment Adviser. If a US Registered Fund acquires shares in such Private Fund, cash management vehicle or affiliated money market fund, shareholders will bear both their proportionate share of the US Registered 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*

In many cases, BlackRock’s fees are based on the value and performance 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, from time to time, BlackRock or an affiliate will be charged with the responsibility of, or have a role in, determining in good faith asset values with respect to BlackRock products or accounts and BlackRock, or such an affiliate, will be required to price a portfolio holding when a market price is not readily available or when BlackRock has reason to believe in good faith that the market price is unreliable. To the extent BlackRock’s fees are based on the value or



performance 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, index provider or another third-party pricing service for valuation purposes. When market quotations are not readily available or are believed in good faith by BlackRock to be unreliable, the security or other asset or liability is valued by BlackRock in accordance with BlackRock's valuation procedures. Valuation procedures for certain separate accounts and/or Private Funds may be described in the relevant IMA, OM and/or other governing documents. 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 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, at the clients' request, BlackRock has agreed to provide "reasonable assistance" involving the valuation of securities. This typically does not include proactively communicating BlackRock's valuation judgments to such clients.

From time to time, BlackRock, an affiliate, or a PNC Affiliate will be engaged to provide valuation assistance to certain clients with respect to certain securities or other investments. Valuation recommendations made by BlackRock for a client account can 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 FMA, provides 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.

In certain instances described below, BlackRock, in good faith based on available information, will determine an asset's fair value using a variety of methodologies. Furthermore, in circumstances where material non-public information is available to one group at BlackRock but, consistent with BlackRock's compliance policies and procedures, is not available to all groups at BlackRock, asset valuations used for pricing of underlying investments can be inconsistent. Due to specific time and operational constraints related to the daily calculation of net asset value certain BlackRock-sponsored funds may value the same assets that are held in other non-registered funds or other accounts using different pricing sources than are used by other funds and accounts. BlackRock's Global Valuation Methodologies Committee (the "GVMC") reports to and derives its authority from the Valuation Oversight Committee (the "VOC"), which consists of senior members of BlackRock's Risk & Quantitative Analysis Group, BRS, Legal & 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.

For certain assets that BlackRock manages on behalf of BlackRock Clients, pricing and valuation will 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 such circumstances, a client's investments generally will 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 (e.g., due to technology issues, lack of liquidity, etc.); (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; (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 in good faith in accordance with its valuation policies and procedures.

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 will generally 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 will accept, modify, or reject the 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 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 BlackRock US Funds, reviewed and/or ratified by a BlackRock US 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: (i) receive upon the current sale of the security or asset; or (ii) pay to transfer the liability associated with the security or asset in an orderly arm's-length transaction between market participants on the date on which the security or asset is being valued. The price generally will 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 potentially not correctly capture the fair value of an asset, which could impact the cost paid or proceeds realized by a client upon the purchase or disposition of the asset. BlackRock's fair value determinations may differ from those made by other advisers for the same security.

Fair value represents a good faith approximation of the value of a security. In retrospect, the fair value of one or more securities can differ from 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, can have the effect of diluting or increasing the economic interest of existing investors and 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 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 agreement between BlackRock, Inc. and PNC Financial Services Inc. (for convenience, PNC Financial Services, Inc. and its affiliates are collectively referred to as "Minority Passive Shareholder" or "MPS") restricts the ability of an MPS to control the activities of BlackRock, Inc. and BlackRock Investment Advisers, its shareholdings could be deemed to affect the best judgment of the BlackRock Investment Adviser as a fiduciary. This could raise conflict of interest concerns under Section 406(b) of ERISA if a fund or account (each, an "Account") within this section of the Disclosure Document advised by the BlackRock Investment Adviser were to enter into a transaction with an MPS, although subsequent changes in the relevant facts and circumstances could change this determination. In addition, an MPS may be a "party-in-interest" to ERISA plans that have a BlackRock advised Account as a result of providing services to such plans. Entering into transactions on behalf of an Account with an MPS (or the provision of services by an MPS to an Account) can 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 "IRC"), with respect to which the exemptions commonly utilized by the BlackRock Investment Adviser with respect to non-MPS entities may not be available. Because of these potential limits, the DOL has granted an exemption to BlackRock, (PTE 2012-09 or the "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 and Section 4975 of the IRC with respect to certain transactions which are summarized in Sections III and IV of the Exemption (the "Covered Transactions"). The Exemption was published in the Federal Register on April 2, 2012 (77 FR19836).

Under the Exemption, the BlackRock Investment Adviser is permitted to enter into certain transactions with or involving an MPS (the "Exempted Transactions") on behalf of an Account. 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, and sale of securities issued by an MPS; the purchase, holding, and sale of exchange traded funds registered under the Investment Company Act and advised by a BlackRock Investment Adviser (such as the US iShares ETFs); the purchase, holding, and sale of asset-backed securities when an MPS is a sponsor, a servicer, an originator, a swap counterparty, a liquidity provider, a trustee, or an insurer, responding to tender offers and exchange offers solicited by an MPS; the purchase, holding, and sale of commercial paper issued by an Asset-Backed Commercial Paper Conduit where an MPS has one or more continuing roles; the purchase, holding, and sale of BlackRock equity securities; the purchase, holding, and sale of loans where an MPS is an arranger and/or has an ongoing function in relation to the loan; 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 primary offering purchases tend to also include (i) securities where an MPS has either an ongoing function and/or (ii) securities where the proceeds are used to repay a debt to an MPS. 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 an MPS are not permitted, and (ii) other transactions with an 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, written policies and procedures reasonably designed to comply with the terms of the Exemption have been adopted and implemented. Additionally, BlackRock has appointed an Exemption Compliance Officer ("ECO"), with the approval of the Independent Monitor, to comply 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.

***Potential Conflicts Relating to Products and Services of PNC Affiliates******Certain Investment Products or Services of PNC Affiliates May Compete with BlackRock Clients***

From time to time, PNC Affiliates will 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, from time to time, various PNC Affiliates will 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 are 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 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 could have an adverse effect on the assets owned by, and any resultant investment management and positions, flexibility, and diversification strategies BlackRock Investment Advisers 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, from time to time, members of the BlackRock Group will invest, for BlackRock Clients or themselves, and PNC Affiliates, subject to applicable laws, may 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 can be significant and made without notice to BlackRock or BlackRock Clients.

***Investments in Service Clients of the BlackRock Group or the PNC Affiliates***

The BlackRock Group and PNC Affiliates provide a variety of services and advice (including investment banking services, fairness opinions, and extensions of credit provided by PNC) to, various clients ("Service Clients"), including issuers of securities that BlackRock Investment Advisers may purchase or sell for BlackRock investment advisory clients, and may generally receive fees for these services (including fees that are contingent on the successful placement of securities and successful closing of a transaction). As a result of the relationships between BlackRock Group and the PNC Affiliates, BlackRock may have an incentive to invest in securities issued by Service Clients. BlackRock believes, however, that the nature and range of Service Clients is such that it would be inadvisable to exclude the securities of Service Clients. Accordingly, absent a specific investment restriction or direction or regulatory restriction, it is possible that a BlackRock Client's account will include the securities issued by Service Clients. In addition, it is possible that the BlackRock Group will receive certain transaction fees from Service Clients 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. In some instances, fees and expenses will be earned by the BlackRock Group or its personnel if such personnel serve as directors or officers of Service Clients.

***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"), who 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 also provide services to or purchase services from members of the BlackRock Group and 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 PNC Affiliates attend conferences sponsored by

Investment Consultants. Conversely, from time to time, the BlackRock Group and PNC Affiliates will be hired by Investment Consultants and their affiliates to provide investment management and/or risk management services, creating possible conflicts of interest.

***BlackRock In-Sources or Outsources Certain Services to Third-Parties***

Subject to applicable law and contractual duties to clients, BlackRock, including BlackRock Investment Advisers, from time to time and without notice to BlackRock Clients, will in-source from or outsource to third-parties, including parties which are affiliated or unaffiliated 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 can give rise to potential conflicts of interest, including where BlackRock or other BlackRock Clients receive favorable pricing or other benefits that arise from or are connected to another BlackRock Client's vendor relationships.

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

From time to time, BlackRock will be restricted or limited in from purchasing, selling or voting securities, derivative instruments or other assets, including Affiliated Accounts on behalf of BlackRock Clients because of corporate or regulatory and legal requirements, as well as contractual restrictions, applicable to BlackRock or the securities held by BlackRock on behalf of its Clients. BlackRock has developed internal policies, to the extent necessary, designed to comply with, limit the applicability of, or otherwise relate to such requirements, as well as address potential conflicts of interest. These restrictions can impact or limit BlackRock's ability to purchase, vote or sell certain securities, derivative instruments or other assets on behalf of certain BlackRock Clients at the same time as other BlackRock Clients. A client not advised by BlackRock will not necessarily be subject to the same considerations.

In some cases, BlackRock Investment Advisers do not initiate or recommend certain types of transactions, or will 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, or companies in which BlackRock has an interest. Such limitations or restrictions can arise solely from actions taken or initiated by BlackRock and have a negative effect on BlackRock Clients. For example, from time to time, when BlackRock is engaged to provide advisory or risk management services for a company, BlackRock Investment Advisers will 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 for BlackRock Client accounts. 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 has an ownership or other interest in a company; (iii) BlackRock is provided with material non-public information with respect to the issuer of securities; (iv) BlackRock Investment Advisers on behalf of BlackRock Clients or BlackRock, Inc. participate in a transaction (including a controlled acquisition of a U.S. public company) that results in the requirement to restrict all purchases and voting of equity securities of such target company; or (v) regulations, including portfolio affiliation rules or stock exchange rules, prohibit participation in offerings by an issuer when BlackRock's Clients' have prior holdings of such issuer's securities. However, where permitted by applicable law, and where consistent with BlackRock's policies and procedures (including the implementation of appropriate information barriers), BlackRock can 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 will be limits on the aggregate and/or portfolio-level amount permitted to be invested or voted by BlackRock and/or PNC that can be exceeded only with the grant of a license, waiver, regulatory relief or corporate consent. As a result, BlackRock Investment Advisers on behalf of BlackRock Clients may limit purchases, sell existing investments, or otherwise restrict, forgo, or limit the exercise of

rights (including transferring, outsourcing or limiting voting rights or foregoing the right to receive dividends) when BlackRock Investment Advisers, in their sole discretion, deem it appropriate in light of potential regulatory or corporate restrictions on ownership or other consequences resulting from reaching investment thresholds. Similar limitations apply to derivative instruments or other assets or instruments, including futures, options, or swaps.

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 a security's benchmark weight and investment strategy. When BlackRock's ownership in certain securities nears an applicable threshold, BlackRock will 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 will 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. For additional information regarding BIM's allocation policy, please refer to Item 6 ("*Portfolio Manager Selection and Evaluation – Placement of Trade Orders*") of this Disclosure Document.

In addition to the foregoing, other ownership thresholds may trigger or require reporting, applications, licenses, or other special obligations to governmental and regulatory authorities, and such reports, applications, or licenses may entail the disclosure of the identity of the BlackRock Client or BlackRock's intended strategy with respect to such securities, instruments, or assets. Where applicable, BlackRock can elect to forego or limit certain investments or opportunities, including limitations on voting or other investor rights, rather than incur the costs of an application, registration, or license.

Under certain circumstances, BlackRock will restrict a purchase or sale of a security, derivative instrument, or other asset on behalf of BlackRock Clients in anticipation of a future conflict that may arise if such purchase or sale would be made. Any such determination will take into consideration the interests of the relevant BlackRock Clients, the circumstances that would give rise to the future conflict and applicable laws. Such determination will be made on a case by case basis.

When evaluating non-index investments on behalf of its clients, especially in the case of private and real assets, BlackRock may consider the reputational risks of such investments to itself or its clients. As a result, BlackRock may, from time to time, forego making or disposing of non-index investments on behalf of its clients based on BlackRock's evaluation of these risks, even in circumstances where such investments are legally permissible and consistent with client guidelines. With respect to index investing, however, BlackRock manages to each applicable index without regard to these risks.

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

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

From time to time, BlackRock compensates 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.

From time to time and consistent with BlackRock policy and applicable regulation, BlackRock also pays for, or reimburses broker-dealers (including MLPF&S and UBS Financial Services Inc.) to cover various costs arising from, or 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*", Merrill Lynch 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.

## **BlackRock Privacy Principles**

The following Privacy Principles govern how BlackRock handles, safeguards and protects non-public personal information as defined by applicable local laws and regulations (“personally identifiable information PII”).

1. BlackRock is committed to maintaining the privacy of individuals whose PII is held at BlackRock including current and former individual clients (whether invested in funds or otherwise) and other intermediaries with whom we conduct business.
2. BlackRock obtains or verifies PII from different sources, including the following:
  - Directly from Individuals;
  - From financial intermediaries;
  - Information provided in applications, forms or other documents;
  - Information BlackRock receives from a consumer reporting agency;
  - Information collected when an individual visits BlackRock’s websites.

Specifically, BlackRock is committed to the following:

- Obtaining PII fairly and lawfully;
  - Handling PII fairly and lawfully in accordance with the Individual’s rights;
  - Keeping PII accurate and up to date; and
  - Protecting PII from unlawful disclosure;
  - Retaining PII only for as long as is necessary.
3. BlackRock does not sell PII or disclose PII about Individuals to unaffiliated third parties, except as may be required by law, or to service client accounts (as allowed by law in the relevant jurisdiction), or with the Individual’s express consent. If PII is provided to a third party, such third party is required to protect the confidentiality and security of this information and to use it only for its intended purpose.
  4. Blackrock may be required to disclose PII in response to lawful requests by public and regulatory authorities, including to meet national security or law enforcement requirements.
  5. BlackRock may share PII with its affiliates to service a Client’s account. BlackRock may directly or through service providers use PII to provide Clients with information about other products or services of BlackRock that may be of interest to them, except where local laws or Client contracts prohibit such sharing.
  6. BlackRock restricts access to PII to those BlackRock employees with a legitimate business need for the information.
  7. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect PII, including procedures relating to the proper storage and disposal of such information.

Individuals may contact BlackRock at any time to confirm, update or verify the PII held by BlackRock or to confirm, update or verify the purposes for which that PII may be used.