

# SVOF/MM, LLC

## Item 1 Cover Page

### **SVOF/MM, LLC**

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March 26, 2020

This Brochure provides information about the qualifications and business practices of SVOF/MM, LLC ("SVOF/MM"). If you have any questions about the contents of this Brochure, please contact SVOF/MM at the telephone number provided above. Information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. SVOF/MM is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply any level of skill or training.

Additional information about SVOF/MM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

The last update to the Form ADV Part 2A (the “Brochure”) was dated March 27, 2019. Material changes to this Brochure since the March 2019 filing include amendments to the following items:

**Item 05 Fees and Compensation – *Other Fees and Expense*:** Additional information has been provided regarding private fund expenses.

**Item 8 Methods of Analysis, Investment Strategies and Risk of Loss:**

*Risk Factors:* Information about certain investment risk have been added and/or updated.

*Investment Selection:* Enhanced description of investment process

**Item 10 Other Financial Industry Activities and Affiliations:**

- Information was included to further describe Client Portfolio Solutions, a business unit within BlackRock.
- Disclosure was added regarding BlackRock's acquisition of eFront Holding SAS (“eFront®”), a provider of investment management systems for alternative assets.

**Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading:**

- *Brexit:* Information was included regarding the United Kingdom formally ceasing membership of the European Union on January 31, 2020 (“Brexit”) and entering a transition period to last until December 31, 2020.
- *Disclosure added regarding:*
  - Side-By-Side Management
  - Banking, Custodial and Related Services
  - Purchases of Securities for which a PNC Broker-Dealer or an Affiliate is an Underwriter
  - Potential Conflicts Relating to Products and Services of PNC Entities

**Item 12 Brokerage Practices:**

- *Trade Reporting:* Description of potential requirement trade reporting requirements.
- *Trade Aggregation:* Enhanced description of monitoring to maintaining order execution arrangements.

**Item 13 Review of Accounts** - Added to the description of the account review process.

**Item 17 Voting Client Securities** - Included additional description of proxy voting service.

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## Item 4 Advisory Business

### OVERVIEW

SVOF/MM, LLC ("SVOF/MM") is a Delaware series limited liability company that was organized on June 10, 2004. SVOF/MM is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, (the "Advisers Act"). SVOF/MM's registration as an investment adviser with the SEC was effective in August 2004. References to SVOF/MM herein include reference to each series thereof. SVOF/MM is controlled by Tennenbaum Capital Partners, LLC ("TCP"). TCP's sole member is BlackRock Capital Investment Advisors, LLC ("BCIA"). BCIA is a wholly-owned, indirect subsidiary of BlackRock, Inc., a publicly traded company (NYSE:BLK). References to BlackRock in this Brochure include BlackRock, Inc., together with its subsidiaries ("BlackRock"), including investment advisory subsidiaries, trust company subsidiaries and SVOF/MM ("BlackRock Investment Advisers"). References to BlackRock Clients include all investment management clients of BlackRock ("BlackRock Clients"). SVOF/MM generally utilizes the common policies and procedures described in this Brochure.

As of December 31, 2019, SVOF/MM had approximately \$1.60 billion in assets under management, all of which is managed on a discretionary basis. SVOF/MM is an alternative investment management firm focused primarily on credit opportunities. SVOF/MM has significant industry experience, including experience investing in middle-market companies through multiple business and credit cycles, across all segments of the capital structure through our direct lending/performing credit and special situations strategies.

SVOF/MM has entered into investment management agreements ("IMAs") to serve as the investment adviser to investment vehicles ("SVOF/MM Clients"), including, but are not limited to, investment companies as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act") that would be required to be registered under the Investment Company Act but for the exemptions provided under sections 3(c)(1) and 3(c)(7) thereof (collectively, "Private Funds") following the direct lending strategy, briefly described below. The types of clients to which SVOF/MM provides investment management services are disclosed in SVOF/MM's Form ADV Part 1 and summarized in Item 7 ("Types of Clients") of this Brochure.

### *Direct Lending/Performing Credit*

SVOF/MM serves as investment adviser or sub-adviser for clients that provide debt financing to meet the distinct and underserved needs of middle-market companies in support of leveraged buyout activity, growth, corporate acquisitions and refinancings/recapitalizations, as well as expansion stage venture lending. Most of our transaction deal flow is either directly originated or sourced through intermediaries in the primary market. SVOF/MM's clients also may acquire performing debt in the secondary market. SVOF/MM's Clients finance both private equity sponsored companies as well as non-sponsored companies by providing 1st lien, 2nd lien and other debt instruments, with a preference for floating rate versus fixed rate debt.

### TAILORING TO INDIVIDUAL NEEDS AND INVESTMENT RESTRICTIONS

SVOF/MM manages client portfolios in accordance with investment guidelines and restrictions set forth in an IMA and/or other governing documents negotiated with the SVOF/MM Client, as well as requirements imposed by applicable law and contractual arrangements. An investment in a fund managed by SVOF/MM does not, in and of itself, create an advisory relationship between the investor and SVOF/MM. SVOF/MM uses both automated and/or manual processes to manage portfolios in accordance with their stated portfolio investment guidelines and restrictions.

Certain SVOF/MM Clients are subject to additional legal and regulatory restrictions. SVOF/MM Clients that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), must comply with ERISA and the applicable regulations adopted by the U.S. Department of Labor ("DOL"). SVOF/MM Clients that are formed in a jurisdiction outside of the United States ("U.S.") must comply with the applicable legal and regulatory restrictions of such jurisdiction.

**SERVICES OF AFFILIATES**

BlackRock, Inc. operates its investment management business through SVOF/MM, as well as through multiple affiliates, some of which are also investment advisers registered with the SEC, one of which is a limited purpose national banking association chartered by the U.S. Department of Treasury's Office of the Comptroller of the Currency, some of which are registered only with non-U.S. regulatory authorities and some of which are registered with multiple regulatory authorities. For additional information, please refer to Item 10 ("Other Financial Industry Activities and Affiliations") and Item 12 ("Brokerage Practices") of this Brochure. SVOF/MM uses the services of one or more BlackRock, Inc., subsidiaries or appropriate personnel of one or more BlackRock, Inc., subsidiaries for investment advice, portfolio execution and trading, operational support, and client servicing in their local or regional markets or their areas of special expertise without specific consent by the client, except to the extent explicitly restricted by the client in or pursuant to its IMA, or inconsistent with applicable law. Arrangements among affiliates take a variety of forms, including but not limited to dual employee, delegation, participating affiliate, sub-advisory, sub-agency, or other servicing agreements. This practice is designed to make BlackRock's global capabilities available to SVOF/MM's clients in as seamless a manner as practical within a varying global regulatory framework. In these circumstances, SVOF/MM remains fully responsible for the account from a legal and contractual perspective. No additional fees are charged for the affiliates' services except as set forth in the SVOF/MM Client's IMA, governing documents and/or offering memorandum ("OM").

## Item 5 Fees and Compensation

### ADVISORY FEES

SVOF/MM's fees generally depend on the services being provided. For investment management services, fees typically are expressed as a percentage of assets under management. Fee arrangements vary by client, and are based on a number of different factors, including investment mandate, services performed, and account/relationship size. SVOF/MM generally deducts fees directly from client accounts. Fees charged are not refundable. To the extent permitted under the Advisers Act, SVOF/MM negotiates and charges performance-based compensation, as well as asset-based fees. SVOF/MM does not charge management fees to its clients where the investment management duties are delegated to an affiliate. SVOF/MM generally deducts fees directly from client accounts where it has not delegated investment management duties to an affiliate. For an additional discussion of performance-based compensation, please refer to Item 6 ("Performance-Based Compensation and Side-by-Side Management") of this Brochure. The following sets forth a basic description of certain advisory fee arrangements.

### *Private Funds*

With respect to Private Funds managed by SVOF/MM, the applicable fees and expenses are set forth in the Private Fund's IMA, and/or other governing documents, or the Private Fund's OM, if the Private Fund has issued an OM.

### OTHER FEES AND EXPENSES

In addition to the fees described above, certain clients bear other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions and related costs; (ii) interest expenses; (iii) taxes, duties and other governmental charges; (iv) transfer and registration fees or similar expenses; (v) costs associated with foreign exchange transactions; (vi) other portfolio expenses, including but not limited to licensing fees; (vii) costs, expenses and fees (including investment advisory and other fees charged by the investment advisers of funds in which the client's account invest) associated with products or services that are necessary or incidental to such investments or accounts; (viii) administrative services and (ix) to the extent negotiated in the IMA, certain of the expenses described in the next paragraph. With respect to certain of the services described in clause (vii), which include, but are not limited to, custodial, brokerage, futures, banking, consulting or third-party advisory or legal services, each client is required to establish business relationships with relevant service providers or other counterparties based on the client's own credit standing. BlackRock will not have any obligation to allow its credit to be used in connection with the establishment of such relationships, nor is it expected that such service providers or counterparties will consider or rely on BlackRock's credit in evaluating the client's creditworthiness.

Private Funds also generally bear their own organizational, operating and other expenses including, but not limited to, in addition to those listed above: (i) sales expenses; (ii) legal expenses (which includes expenses incurred in connection with a Private Fund's legal and regulatory compliance with U.S. and non-U.S. laws and regulations (including reporting on and compliance with Form PF), and expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provisions); (iii) internal and external accounting, audit, custody, administration and tax preparation expenses; (iv) out-of-pocket costs of any legal counsel (including litigation expenses); (v) insurance costs, including the cost of any D&O liability or other insurance and indemnification (including advances) or extraordinary expense or liability relating to the affairs of Private Funds; (vi) placement compensation payable to any placement agent (including any out-of-pocket expenses of such placement agent and any indemnification expenses payable to such placement agent); (vii) expenses of the limited partner advisory boards for certain Private Funds and meetings of the limited partners; (viii) expenses of liquidating and dissolving the Private Funds, including any fees and expenses of the Private Funds' liquidator; (ix) certain travel expenses; (x) other service provider expenses (e.g., expenses related to directors of a Private Fund); (xi) all expenses incurred in connection with a Private Fund's business, affairs and operations, including identifying, structuring, managing, evaluating, trading, conducting due diligence on, investing in, acquiring, holding, restructuring, disposition of (including the transfer or sale of), any portfolio investments or prospective investments (whether or not consummated), including "broken-deal expenses," legal, accounting, engineering, consulting, management, non-disclosure agreement service providers, and other professional fees, fees of finders or sourcing partners, and travel and lodging expenses; (xii) all expenses incurred in connection with the securing and servicing of financing, including expenses related to the negotiation and documentation of agreements with one or more lenders or the posting of



collateral; (xiii) all principal and interest on, and fees, costs and expenses arising out of, all borrowings and guarantees made by, and other indebtedness of, the Private Funds; (xiv) all extraordinary expenses or liabilities; (xv) all professional fees incurred in connection with the business or management of the Private Funds, including reasonable dues for professional organizations related to the investment strategy of the Private Funds; (xvi) all expenses relating to the potential transfer or actual transfer of investors' interests in the Private Funds (to the extent not paid by the transferor or transferee); (xvii) all expenses relating to any letter agreements, distribution agreements and other similar agreements with investors and prospective investors and modifications and amendments to such agreements; (xviii) all expenses incurred in connection with the creation of, and any restructuring or amendments or supplements to, the OM or the governing documents of the Private Funds or of the general partner and related entities; (xix) all expenses incurred in connection with the formation of alternative investment vehicles and special purpose vehicles and subsidiaries of the Private Funds; (xx) any amounts paid by the Private Funds or alternative investment vehicles for any hedging transactions (including any amounts necessary to satisfy margin requirements) or permitted borrowing requirements; (xxi) all expenses incurred in connection with multimedia, analytical, database, news or other third-party research services and related terminals for the delivery of such services; (xxii) all fees charged by third parties for sourcing and/or managing portfolio investments, including fees paid to administrators of portfolio investments; (xxiii) all third-party fees and expenses charged to the Private Funds, including in connection with tax and legal advice, custodial services and compliance services; (xxiv) all fees charged, and reasonable out-of-pocket expenses incurred, by the Private Funds' administrators and custodians; (xxv) management fees; and (xxvi) any value added tax payable in respect of any expenses, fees or costs set forth in clauses (i) – (xxv) above. Generally, feeder funds bear a pro rata share of the expenses associated with the related master fund. Further details on expenses that are charged are in the relevant OM and/or other governing documents.

It is not expected that the SVOF/MM Clients will pay fees in advance. In the event an advisory agreement with SVOF/MM terminates during a period covered by fees paid in advance, SVOF/MM would pro rate such fee and reimburse the portion of such fee covering the remainder of the period (i.e., from the date of termination to the end of the period).

### **FEES PAID TO ADVISER BY THIRD PARTIES**

With respect to certain clients, SVOF/MM or one of its employees or affiliates, at times, receives commitment fees, structuring fees, administrative agency fees, break-up fees, financing fees, directors' fees, consulting fees, transaction fees, advisory fees, closing fees and other similar fees from a portfolio investment of or counterparty to such client as well as placement or other similar fees payable to a broker-dealer ("Third-Party Fees"). The management fee received by SVOF/MM from a Private Fund or one of its affiliates may be reduced by the amount of Third-Party Fees received by SVOF/MM, or its employees or its affiliates. The extent to which SVOF/MM or one of its employees or affiliates may retain such Third-Party Fees, if at all, is set forth in such Private Fund's OM and/or governing documents, respectively. Further details on Third-Party Fees are in such Private Fund's OM and/or governing documents or the IMA governing, respectively.

Various conflicts of interest may exist when Third-Party Fees can be retained by SVOF/MM, or its employees or its affiliate and are not required to be applied to reduce the amount of the management fee received by SVOF/MM. For an additional discussion of the conflicts of interest presented by SVOF/MM's or its employee's or its affiliate's entitlement to retain Third-Party Fees, please refer to Item 11 ("Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Conflicts of Interest Presented by the Retention of Third-Party Fees") of this Brochure.

For an additional discussion of brokerage and other transaction costs, please refer to Item 12 ("Brokerage Practices") of this Brochure.

### **CO-INVESTMENTS**

SVOF/MM from time to time offers certain persons the opportunity to co-invest in particular investments alongside of a client, subject to certain restrictions. In each case where co-investors participate in an investment, SVOF/MM will allocate expenses associated with such investment, including broken-deal expenses, among such co-investors and other participants in the investment in accordance with BlackRock's expense allocation policies and procedures.



## Item 6 Performance-Based Compensation and Side-By-Side Management

As discussed in Item 5 (“Fees and Compensation”) of this Brochure, fee arrangements vary by SVOF/MM Client, and are based on a number of different factors. Where applicable, performance-based fees or other performance-based compensation is generally based on specified yield or total return benchmarks or periodic or cumulative performance “hurdles” and generally are payable to SVOF/MM or an affiliate: (i) on a quarterly or annual basis; (ii) at the time of withdrawal or redemption with respect to the amount withdrawn and/or redeemed; or (iii) as investments are realized and/or capital is distributed. Certain Private Funds charge performance-based fees or allocations based on the relevant Private Funds’ net profits without regard to any index or performance hurdle. In some cases, these arrangements are subject to a high water mark or other provisions intended to assure that prior losses are recouped before giving effect to any performance-based fees or allocations. In other cases, certain Private Funds have periodic or cumulative performance hurdles prior to BlackRock receiving a performance-based fee or allocation. Clawback or deferral provisions also apply to performance-based fees paid with respect to certain Private Funds. The timing and amount of performance-based fees or allocations are described in the relevant OM and/or other governing documents of the applicable Private Fund.

SVOF/MM and affiliated entities under common control with SVOF/MM may receive performance-based compensation from its clients. Each of its clients that is charged performance-based compensation is a qualified client. Performance-based compensation varies among SVOF/MM’s clients. Performance-based compensation may be subject to hurdles and/or other conditions, depending, among other things, on the strategy and structure of the client. Specific details regarding performance-based compensation, if any, are set out in the OMs, disclosure documents, IMAs and/or governing documents of the relevant client. Because the amount and/or existence of performance-based compensation may vary among our clients, conflicts may arise regarding the allocation of investments or opportunities among SVOF/MM’s clients. SVOF/MM intends to allocate investment opportunities in a manner that it believes in its judgment and based upon its fiduciary duties to be appropriate considering a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other client-specific limitations. Investments that are suitable for one client may not be suitable for another client. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, one client may desire to retain an asset at the same time that another client desires to sell it or one client may not have additional capital to invest at a time when another client does have available capital. To the extent that investment opportunities are suitable for more than one client, SVOF/MM allocates investment opportunities pro rata among its clients based on committed capital and taking into account factors such as those listed above. Investment opportunities in certain privately placed securities will be subject to allocation pursuant to the terms of a co-investment exemptive order issued by the SEC under the Investment Company Act, applicable to funds and accounts managed by SVOF/MM and its subsidiaries, including SVOF/MM.

There may be situations in which one or more of our clients might invest in different securities issued by the same company. It is possible that if the company’s financial performance and condition deteriorates such that one or both investments are or could be impaired, SVOF/MM might face a conflict of interest given the difference in seniority of the respective investments. In such situations, SVOF/MM would review the conflict on a case-by-case basis and implement procedures consistent with our fiduciary duty to enable it to act fairly to each of its clients in the circumstances. Any procedures implemented by SVOF/MM will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

Clients should be aware that when SVOF/MM, or an affiliate, receives performance-based fees or allocations, or BlackRock personnel have any other financial incentive to achieve gains in excess of the disincentive to suffer losses, BlackRock and/or such personnel have an incentive to choose investments that are riskier or more speculative than might otherwise be chosen.

In addition, SVOF/MM manages different types of clients having different fee arrangements. Side-by-side management of client accounts raises potential conflicts of interest. In certain cases, SVOF/MM or its related persons also have a financial interest in a Private Fund. SVOF/MM has incentive to favor certain clients over others that are less lucrative where: (i) the actions taken on behalf of one client potentially impact other similar or different clients (e.g., because such clients have the same or similar investment styles or otherwise compete for investment opportunities or have potentially conflicting investments or investment styles; and (ii) SVOF/MM and its personnel have differential interests in such clients (i.e., expose SVOF/MM or its related persons to differing potential for gain or loss through differential ownership interests or compensation structures, including circumstances where some clients pay only asset-based fees while others are subject to performance or incentive fees or allocations). To help mitigate such potential conflicts of interest, BlackRock’s policies

## **Item 6 Performance-Based Compensation and Side-By-Side Management**

and procedures state that investment decisions are to be made in accordance with the fiduciary duties owed to each such client 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 clients investing side-by-side, it is possible that different client types are not permitted to participate in an investment opportunity at the same time, except as noted elsewhere herein. The decision as to which clients participate will take into account the suitability and the strategy of the applicable client.

## Item 7 Types of Clients

SVOF/MM serves as investment adviser to Private Funds. Account opening requirements and minimum account size are subject to SVOF/MM's discretion. Investment in SVOF/MM advised Private Funds is generally only available to institutional investors and certain high net worth investors that are "accredited investors" as defined under the Securities Act and "qualified purchasers" as defined under the Investment Company Act, or non-"U.S. persons" within the meaning of the Securities Act of 1933, as amended ("Securities Act") and the Investment Company. A \$100 million minimum investment is generally required to open a new client account. Minimum account size is described in the offering materials, disclosure documents, investment management agreements and/or governing documents of the relevant client.

### OVERVIEW OF CLIENTS

As discussed in Item 4 ("Advisory Business") of this Brochure, SVOF/MM's investment management services are offered to a variety of clients, including, but not limited to Private Funds. SVOF/MM can advise both U.S. and non-U.S. persons, as defined under Regulation S of the Securities Act of 1933 ("U.S. Persons"), subject to applicable law. SVOF/MM generally utilizes the common policies and procedures described in this Brochure.

SVOF/MM may seek to obtain, verify, and record information that identifies each client and, as applicable, the owners and controllers of investors who retain SVOF/MM to manage the account or who invest in a Private Fund managed by SVOF/MM, in order to help the U.S. Government fight the funding of terrorism and money laundering activities and comply with economic sanctions. SVOF/MM will also screen clients and, as applicable, the owners and controllers of investors who invests in a Private Fund, against appropriate sanctions lists such as those administered by the United States Office of Foreign Assets Control, European Union and United Nations, and any other applicable regimes to where SVOF/MM operates.

### *Private Funds*

Private Funds are organized as domestic or offshore (non-U.S.) companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, in order to meet the legal, regulatory and tax demands of investors and as determined to be appropriate by SVOF/MM. As a general matter, each Private Fund is managed in accordance with its investment objectives, strategies and guidelines and is not generally tailored to the individualized needs of any particular investor in the Private Fund (each an "Investor"). In addition, an investment in a Private Fund does not, in and of itself, create an advisory relationship between the Investor and an Adviser. Therefore, Investors must consider whether the Private Fund meets their investment objectives and risk tolerance prior to investing in a Private Fund. Information about each Private Fund, including its investment risks, can be found in its OM and/or other governing documents, which will be available to current and prospective Investors only through a BlackRock-affiliated broker-dealer or another authorized party or directly from BlackRock. In some cases, a Private Fund is established for the benefit of a single investor, in which case the Private Fund is tailored to the individualized needs of the investor. BlackRock, or an affiliate, generally acts as general partner, managing member or investment manager or otherwise exercises investment discretion with respect to these products in which investors invest. Certain BlackRock non-U.S. affiliates act as placement agents with respect to the distribution of Private Funds to investors outside the U.S. While this Brochure includes information relevant to investors, this Brochure is designed solely to provide information about SVOF/MM and should not be considered to be an offer of interests in any Private Fund.

Private Funds that are offered to U.S. Persons are typically excepted from the definition of an "investment company" pursuant to Section 3(c)(1) (such Private Funds, the "3(c)(1) Funds") or Section 3(c)(7) (such Private Funds, the "3(c)(7) Funds") of the Investment Company Act. Interests in the Private Funds are offered on a private placement basis or under Regulation S of the Securities Act. Interests in the 3(c)(1) Funds are offered to persons who are "accredited investors" as defined under the Securities Act, and "qualified clients" as defined in Rule 205-3 under the Advisers Act (to the extent a performance-based fee is charged). Interests in the 3(c)(7) Funds are offered to persons who are both "accredited investors" as defined under the Securities Act and "qualified purchasers" as defined under the Investment Company Act. In some cases, the Private Funds are commodity pools for which an adviser is a commodity pool operator that: (i) is exempt from certain reporting, recordkeeping and disclosure requirements pursuant to Rule 4.7 under the Commodity Exchange Act ("CEA"); (ii) is a registered commodity pool operator; or (iii) is exempt from registration and related requirements pursuant to CEA Rule 4.13(a)(3), or other provisions under the CEA and the rules of the U.S. Commodities Futures Trading Commission ("CFTC") thereunder, and in connection with these exemptions, investors are required to meet additional requirements. Additionally, investors in Private Funds are subject to certain other eligibility requirements which are set forth in the OM and/or other governing documents for each of the Private Funds. BlackRock personnel (including, but not limited

to, SVOF/MM's investment strategy personnel responsible for the management of such Private Funds or other client accounts) who are qualified purchasers, "knowledgeable employees" (as defined in Rule 3c-5 under the Investment Company Act) or who meet the Private Fund's eligibility criteria and other applicable regulatory requirements, and certain other eligible personnel of BlackRock are permitted to invest in the Private Funds.

Private Funds that are organized under the laws of jurisdictions outside of the U.S. may be offered outside of the U.S. to U.S. Persons, pursuant to Section 7(d) of the Investment Company Act and the relevant SEC guidance thereunder, such Private Funds can also be offered on a private placement basis to U.S. Persons (typically tax-exempt institutions) that are both "accredited investors" as defined under the Securities Act and for 3(c)(7) Funds "qualified purchasers" as defined under the Investment Company Act.

Certain of the Private Funds operate using "master-feeder" structures, pursuant to which trading operations reside in a "master fund" while Investors access the master fund directly or invest through one or more "feeder funds" that, in turn, invest (directly or indirectly) in the master fund. Private Funds can also use special purpose vehicles to aggregate investments by Private Funds into certain underlying investments or for structuring purposes, or parallel fund structures that divide Investors for tax or other purposes.

BlackRock and its related persons often invest in and/or serve as general partner or managing member, or on the board of directors or advisory board of a Private Fund. BlackRock and its related persons generally act as investment manager or otherwise exercise investment discretion with respect to certain Private Funds and often provide services other than advice (including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, and sales and investor relations support, diligence and valuation services) to such funds, in some cases for a fee separate and apart from the advisory fee. A Private Fund often pays or reimburses BlackRock for certain organizational and offering expenses and operating expenses related to the Private Fund.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

SVOF/MM utilizes various investment strategies and methods of analysis implemented by SVOF/MM's investment committee. This Item 8 describes various methods of analysis and investment strategies, as well as the primary risks associated with these investment strategies. However, it is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held.

While SVOF/MM seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients and investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients and investors should read carefully all applicable informational materials and offering/governing documents, including OMs for further information on the various risks associated with investing, prior to retaining SVOF/MM to manage an account or investing in any BlackRock investment product.

SVOF/MM often considers credit ratings when analyzing bonds, notes and other debt-related investments for SVOF/MM 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 "Risk Factors - 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, U.S. agency securities, time deposits at financial institutions, and derivative instruments such as credit default swaps. For those types of investments, as well as U.S. 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, SVOF/MM 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), SVOF/MM may consider the security to have the highest of the multiple ratings.

Certain new issue securities (regardless of type) are not 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, SVOF/MM will typically 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 security; (iii) with respect to asset-backed securities, the rating of a prior issuance; or (iv) other factors. Please see "Risk Factors – 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.

Clients and investors should be aware that while SVOF/MM does not limit its advice to particular types of investments, mandates can be limited to certain types of securities or to the recommendation of investment advisers and are not always diversified. The accounts and funds managed by SVOF/MM are generally not intended to provide a complete investment program for a client or investor. Clients and investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

### INVESTMENT SELECTION

The foundation of SVOF/MM's investment process is intensive investment research and analysis by SVOF/MM's experienced staff of investment professionals. The process of rigorously and comprehensively analyzing issuers of securities or loans includes a quantitative and qualitative assessment of the company's business, an evaluation of

its management, business strategy, industry trends, and an in-depth examination of the company's capital structure, financial results and projections. SVOF/MM's due diligence process includes:

- *An analysis of the fundamental asset values and enterprise value;*
- *Review of key assets, core competencies, competitive advantages, historical and projected financial statements, capital structure, financial flexibility, debt amortization requirements, environmental, social and governance consideration, and tax, legal and regulatory contingencies;*
- *An assessment of the outlook for the industry and general macroeconomic trends;*
- *Discussions with management, as well as other industry executives, including an assessment of management/board strengths and weaknesses;*
- *Review of the issuer's credit or other related documents, including those governing the issuer such as charter, by-laws and key contracts; and*
- *Analysis of portfolio risks from a top-down and bottom-up perspective.*

### RISK FACTORS

Investing in securities involves a substantial degree of risk. SVOF/MM Clients may lose all or a substantial portion of their investments, and investors in each of the SVOF/MM Clients must be prepared to bear the risk of a complete loss of their investments. In addition, there will be occasions when SVOF/MM and its affiliates, including members of SVOF/MM's investment team, may encounter potential conflicts of interest in connection with advising the SVOF/MM Clients.

- *Investments may be Illiquid and Long Term.* Although portfolio financings and investments by SVOF/MM for the SVOF/MM Clients may generate current income, the return of capital and the realization of gains, if any, from a financing or investment generally will occur only upon the partial or complete satisfaction of the financing conditions or disposition of such investment, which may not occur for a number of years after the investment is made. Generally, there may be no public market for any securities that SVOF/MM Clients may be invested in at the time of their acquisition. Securities held by SVOF/MM Clients may not be able to be resold publicly, unless the sale of such securities is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases SVOF/MM Clients may be prohibited by contract from selling certain securities it invests in for a period of time.
- *Economic Recessions or Downturns May Negatively Affect SVOF/MM Client's Portfolio Companies.* Many of the portfolio companies in which the SVOF/MM Clients may invest may become susceptible to economic slowdowns or downturns and may be unable to repay loans to SVOF/MM Clients as a result of economic strains. Adverse economic conditions also may decrease the value of collateral securing some of the SVOF/MM Clients' loans and the value of SVOF/MM Clients' equity investments. Economic downturns could lead to financial losses in SVOF/MM Clients' portfolios and a decrease in revenues, net income and assets.
- *Reliance on Personnel.* The investment success of the SVOF/MM Clients depends upon the skill and expertise of members of SVOF/MM's investment team. There can be no assurance that all of the key investment professionals comprising SVOF/MM's investment team will continue to be associated with the SVOF/MM Clients throughout the duration of SVOF/MM's affiliation with the SVOF/MM Clients.
- *Risks Associated with Investments in Privately-Owned Companies.* The SVOF/MM Clients' portfolios consist primarily of financings of and/or investments in privately-owned businesses. There is generally no publicly available information about such companies, they have fewer controls on financial reporting, and the SVOF/MM Clients must rely on SVOF/MM and agents to obtain information in connection with investment decisions. Moreover, small and mid-sized businesses frequently have smaller product lines and market shares than their competition, may be more vulnerable to economic downturns and often need substantial additional capital to expand or compete. Such companies may also experience substantial variations in



operating results. Investment in small and mid-sized businesses therefore involves a high degree of business and financial risk, which can result in substantial losses, and accordingly, should be considered speculative.

- *Conflicts among Client Accounts.* Members of SVOF/MM's investment team will, subject to SVOF/MM's allocation policy, have discretion in determining which investments will be made for the SVOF/MM Clients. Accordingly, SVOF/MM's investment team may be compelled by law, regulations or SVOF/MM's allocation policy to refrain from causing one or more SVOF/MM Clients to make certain investments even though participation might benefit such SVOF/MM Clients. Moreover, SVOF/MM's investment team may encounter conflicts in allocating investment opportunities among SVOF/MM Client accounts.
- *Leverage.* SVOF/MM may employ leverage for SVOF/MM Client portfolios. Leverage is generally considered a speculative investment technique. If the value of SVOF/MM Client assets increases, then leveraging would cause the value attributable thereto to increase more than it otherwise would had no leverage been employed. Conversely, if the value of a SVOF/MM Client's assets decreases, leveraging would cause value attributable thereto to decline more than it otherwise would had no leverage been employed.
- *Portfolio Company Leverage.* Portfolio companies held by SVOF/MM Client accounts will typically have capital structures with significant leverage. Although SVOF/MM's investment team will seek to structure transactions in an attempt to minimize these risks, such leverage may increase SVOF/MM Clients' exposure to adverse economic factors such as rising interest rates, downturns in the general economy or deterioration in the condition of the portfolio company or its sector in its particular industry.
- *Competition for Investments.* SVOF/MM Clients may compete for the financing or acquisition of portfolio companies with other investors and funds, including funds managed by BlackRock Investment Advisers, many of which have greater resources than SVOF/MM's Clients. There may be intense competition for financings or investments of the type SVOF/MM Clients intend to make, and such competition may result in less favorable financing or investment terms than might otherwise exist. There can be no assurance that there will be a sufficient number of attractive potential projects available to the SVOF/MM Clients to achieve target returns.
- *Need for Diversification.* SVOF/MM expects SVOF/MM Clients to participate in a limited number of financings and investments. There is a risk that a number of financings and investments in which SVOF/MM Clients participate will not yield a return. This may have an adverse impact on the ability of a SVOF/MM Client to achieve its investment objective.
- *Effect of Market Slowdown on Liquidity Events.* SVOF/MM Clients may realize a portion of returns on investments through various liquidity events such as a sale, merger or initial public offering or the refinancing of debt investments. Capital may not be readily available at maturity of a portfolio investment to repay or refinance any of debt investments. A prolonged economic slowdown could extend a SVOF/MM Client's investment time horizon by limiting such SVOF/MM Client's ability to achieve timely liquidity events and could ultimately impact the ability to realize anticipated investment returns.
- *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 one or more Rating Agencies), which would impair a security's or instruments liquidity and decrease its value.*

#### **Competition Risk**

There can be no assurance that SVOF/MM 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 assets.

#### **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.

### ***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.

### ***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.

### ***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).

### ***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 SVOF/MM, 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 SVOF/MM to alter its view on the appropriateness of the investment for a portfolio.

### ***Compliance and Legal Risk***

SVOF/MM may invest in assets and securities that may entail unusual risks, including contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress and lack of standard practices and confidentiality customs. In addition, legal, tax, and regulatory changes, as well as judicial decisions, could adversely impact investments. In particular, the regulatory environment is evolving and may entail increased regulatory involvement or result in ambiguity or conflict among legal or regulatory schemes, all of which could adversely affect the investment or trading strategies pursued by SVOF/MM or the value of investments.

### ***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.

## **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 increased 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 growing exposure to 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 or system disruptions, for BlackRock, as well as for clients who rely upon, or have exposure to, BlackRock's systems. Although BlackRock has implemented policies and controls, and takes protective measures, to strengthen its computer systems, processes, software, technology assets and networks to prevent and address potential data breaches, inadvertent disclosures, cyber-attacks and cyber-related fraud, there can be no assurance that any of these measures prove effective.

In addition, due to BlackRock's interconnectivity with third-party vendors, advisers, 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.

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. Furthermore, many jurisdictions in which BlackRock operates have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation, which expands data protection rules for individuals within the European Union and for personal data exported outside the European Union. Any determination of a failure to comply with any such laws or regulations could result in fines and/or sanctions against the BlackRock.

## **OPERATING EVENTS**

Trade errors and other operational mistakes ("Operating Events") occasionally occur in connection with SVOF/MM'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 SVOF/MM to a client or fund when it is a mistake (whether an action or inaction) in which SVOF/MM has, in SVOF/MM'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; (vi) failure to properly file for and/or pay taxes; and (vii) transactions with a non-authorized counterparty. Operating Events can also occur in connection with other activities that are undertaken by SVOF/MM 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.

SVOF/MM 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 SVOF/MM considers 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. Clients or funds generally are entitled to retain any gain resulting from an Operating Event.

When SVOF/MM determines that reimbursement by SVOF/MM is appropriate, the client or fund will be compensated as determined in good faith by SVOF/MM. SVOF/MM 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 to related transactions and/or other factors SVOF/MM considers relevant. Compensation generally will not include any amounts or measures that SVOF/MM determines are indirect, consequently, speculative or uncertain.

## **Item 9 Disciplinary Information**

There have not been any legal or disciplinary events that are material to SVOF/MM's advisory business or the integrity of SVOF/MM's management.

## Item 10 Other Financial Industry Activities and Affiliations

BlackRock is a broad financial services organization. In some cases, SVOF/MM has business arrangements with related persons/companies that are material to SVOF/MM's advisory business or to its clients. In some cases, these business arrangements create a potential conflict of interest, or the appearance of a conflict of interest between SVOF/MM and a client. The services that BlackRock provides its clients through SVOF/MM, through other BlackRock entities or through investments in a BlackRock investment product, as well as related conflicts of interest, are discussed in Item 11 ("Code of Ethics, Participation or Interest in Client Transactions and Personal Trading") of this Brochure. Potential conflicts of interest are also discussed in the client's governing documents and/or the OM.

### 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 ("Exchange Act") and are members of Financial Industry Regulatory Authority, as needed. BRIL and BES are indirect wholly-owned subsidiaries of BlackRock, Inc. SVOF/MM does not intend to engage in trading activities on behalf of its clients with BRIL or BES.

- BRIL is primarily engaged in the distribution of BlackRock proprietary and third-party registered investment companies, including through wholesale marketing, to other registered broker-dealers, investment advisers, banks and other entities as well as through self-directed online treasury management platforms, marketing 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 affiliated registered investment advisers and BlackRock Institutional Trust Company, N.A ("BTC"), and acts as the distributor for BlackRock's exchange-traded funds registered under the Investment Company Act ("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

SVOF/MM has affiliates that are direct or indirect wholly-owned subsidiaries of BlackRock, Inc., registered as investment advisers with the SEC under the Advisers Act. Additional information about SVOF/MM and affiliated registered investment advisers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

- BlackRock (Singapore) Limited
- BlackRock Advisors, LLC
- BlackRock Alternatives Management, LLC
- Global Energy & Power Infrastructure Advisors, L.L.C.<sup>1</sup>
- Global Energy & Power Infrastructure II Advisors, L.L.C.<sup>2</sup>
- BlackRock Asset Management North Asia Limited
- BlackRock Asset Management Schweiz, AG
- BlackRock Capital Investment Advisors, LLC
- BlackRock Capital Management, Inc.
- BlackRock Financial Management, Inc.
- BlackRock Fund Advisors
- BlackRock International Limited
- BlackRock Investment Management, LLC

<sup>1</sup> Global Energy & Power Infrastructure Advisors, L.L.C. is a relying adviser to BlackRock Alternatives Management, LLC

<sup>2</sup> Global Energy & Power Infrastructure II Advisors, L.L.C. is a relying adviser to BlackRock Alternatives Management, LLC

- BlackRock Realty Advisors, Inc.
- FutureAdvisor
- Tennenbaum Capital Partners, LLC

**AFFILIATED COMMODITY POOL OPERATOR / COMMODITY TRADING ADVISOR**

SVOF/MM is an exempt commodity pool operator and exempt commodity trading advisor. Affiliates of SVOF/MM are registered or exempt from registration as commodity trading advisors or commodity pool operators:

- BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Investment Management, LLC and BTC are registered as commodity pool operators and commodity trading advisors.
- BlackRock International Limited is registered as a commodity trading advisor.
- iShares Delaware Trust Sponsor, LLC is registered as a commodity pool operator.
- BlackRock (Singapore) Limited, BlackRock Asset Management North Asia Limited, BlackRock Alternatives Management, LLC, BlackRock Capital Management, Inc., BlackRock Investment Management (UK) Limited, BlackRock Capital Investment Advisors LLC, Global Energy & Power Infrastructure Advisors, L.L.C., Global Energy & Power Infrastructure II Advisors, L.L.C. and Tennenbaum Capital Partners, LLC are exempt commodity pool operators and exempt commodity trading advisors.
- BlackRock Realty Advisors, Inc. is an exempt commodity trading advisor.

All of the non-exempt 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 certain BlackRock Clients invest.

**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, 2019, The PNC Financial Services Group, Inc. (together with its subsidiaries, "PNC") held 22.0% of BlackRock's voting common stock and 22.4% of BlackRock's capital stock, which includes outstanding common and non-voting preferred stock.

From time to time, PNC Capital Markets, LLC participates in underwritings of initial common and/or preferred share offerings of BlackRock closed-end investment companies. Midland Loan Services, a division of PNC Bank, National Association, can act as primary servicer, master servicer and/or special servicer to certain BlackRock Clients.

As of December 31, 2019, BlackRock Advisors, LLC, an indirect subsidiary of BlackRock, Inc. owned approximately 36.5% economic interest, and 4.9% voting interest in 52nd Street Capital Advisors LLC.

BTC, an indirect subsidiary of BlackRock, Inc., is a national banking association organized under the laws of the U.S. and operates as a limited purpose trust company. BTC provides investment management and other fiduciary services for client accounts, including trust accounts, common trust funds and group trusts maintained by BTC and other unregistered investment vehicles. BTC also provides 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 PennyMac Financial Services, Inc. ("PFSI"). 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 Private National Mortgage Acceptance Company, LLC ("PNMAC"). PNMAC owns PNMAC 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 a non-controlling ownership interest ("ABR Re Transaction"). Chubb is a publicly traded company whose securities are held in BlackRock Client accounts. The subsidiary of BlackRock, Inc.

## Item 10 Other Financial Industry Activities and Affiliations

and Chubb have representation on the board of directors of ABR Re. Certain employees and executives of BlackRock have a less than ½ 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.

BlackRock, Inc. indirectly owns a non-controlling interest in Acorns Grow Incorporated (“Acorns”). Acorns is a personal investment application that allows Acorn clients to automatically invest spare change in exchange-traded funds (“ETFs”), including ETFs advised by a BlackRock Investment Adviser. BlackRock has an observer on Acorns’ Board of Directors.

Through a holding company subsidiary, BlackRock, Inc. owns a non-controlling interest in Envestnet Inc. (“Envestnet”). Envestnet provides unified wealth management technology and products to financial advisers and other institutions. Their flagship product is an advisory platform that integrates the services and software used by financial advisers in wealth management. Certain funds recommended by Envestnet may be advised by a BlackRock Investment Adviser.

BlackRock, Inc. indirectly owns a non-controlling interest in Gallatin Point Capital LLC (“Gallatin”). A BlackRock subsidiary provides certain analytics and related services to Gallatin. Gallatin is an alternative investment firm. One of Gallatin’s founders is a consultant for BlackRock.

Through a holding company subsidiary, BlackRock, Inc. owns a minority position in Scalable Capital GmbH (“Scalable”). Scalable is a European robo-advisor that recommends or invests client assets in ETFs, including ETFs advised by a BlackRock Investment Adviser. BlackRock has a board member and an observer on Scalable’s Board of Directors.

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.

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

On September 21, 2018 BlackRock Mexico Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversion (“BlackRock Mexico Operadora”), based in Mexico, became an indirect, wholly-owned subsidiary of BlackRock, Inc. BlackRock Mexico Operadora, among other services, manages Mexican mutual funds and offers investment management services in Mexico.

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. SVOF/MM does not intend to engage in trading activities on behalf of its clients with BES.

BlackRock Index Services, LLC (“BIS”), an affiliate of the Advisers, is the index provider to client accounts advised by affiliated BlackRock Investment Advisers, including US Registered Funds<sup>3</sup>. 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 an Adviser as an index constituent. Certain of these indices are Underlying Indices of investment vehicles including certain US Registered Funds advised by an 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.

### **BlackRock Solutions®**

BlackRock Solutions® (“BRS”), a business unit within BlackRock, provides a broad range of risk management, investment accounting and trade processing tools to a variety of clients, including insurance companies, asset managers, pension funds, investment consultants, real estate investment trusts, commercial and mortgage banks, savings institutions, government agencies, and central banks. Using proprietary technology, analytics, and product knowledge, BRS is able to assist these clients in measuring financial risks in their portfolios and across their lines of business on both the asset and liability sides of their balance sheets. BRS makes available its proprietary enterprise trading system and risk reporting tools to other firms or companies. In 2019 BlackRock acquired eFront Holding SAS (“eFront®”), a provider of investment management systems for alternative assets. The eFront business is part of BRS and enables BRS to provide technology solutions across public and private assets.

### **Client Portfolio Solutions**

Client Portfolio Solutions (“CPS”), a business unit within BlackRock, provides customized, multi-asset class services to institutional clients and intermediated retail clients, which may include market commentary, asset allocation, analytics-based advice, model portfolio recommendations, and portfolio and risk management services. CPS generally utilizes BlackRock’s internal resources, which may include, but is not limited to, its manager due diligence team for pre-investment due diligence and ongoing manager due diligence with respect to products and strategies managed by BlackRock Investment Advisers and non-affiliated investment advisers (such diligence, “Manager Research”), in order to offer clients a wide variety of investment options across asset classes, jurisdictions and liquidity profiles. SVOF/MM does not anticipate that CPS will recommend to its clients an investment in any Private Fund or account managed by SVOF/MM.

### **Method of Analysis:**

CPS’ investment process for Multi-Asset Strategies begins with analysis of the client’s objectives, constraints and preferences. CPS generates its portfolio construction using a combination of different asset allocation analyses, which may include strategic asset allocation, tactical asset allocation, and Manager Research and security selection.

- *Strategic Asset Allocation (“SAA”)* - Designing a portfolio based on long-term investment beliefs and market condition assumptions which will track broad asset class indices or liability benchmarks.
- *Tactical Asset Allocation (“TAA”)* – Blending diversified excess return sources, including factor and market timing, over a shorter-time horizon.
- *Manager Research and Security Selection* - Conducting pre-investment due diligence and ongoing due diligence with respect to products and strategies managed by BlackRock Investment Advisers and non-affiliated investment advisers.

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<sup>3</sup> BlackRock’s proprietary investment companies, including closed-end investment companies, and sub-advised non-proprietary investment companies, each of which are registered under the Investment Company Act.

CPS strategy and portfolio management teams seek to select the products and managers that correlate to the assumptions used to produce the SAA and reflect the group's investment insights and convictions, with consideration of applicable Manager Research, fees and diversification if applicable.

The applicable investment guidelines of a client mandate may authorize CPS to select or recommend: (i) investment strategies managed by BlackRock Investment Advisers, including US Registered Funds or other pooled investment vehicles (including Private Funds) for which BlackRock Investment Advisers serve as investment advisers or sub-advisers (collectively, "Affiliated Funds"), or (ii) investment strategies managed by non-affiliated investment advisers ("External Products"), or (iii) investment strategies managed by both the BlackRock Investment Advisers, including Affiliated Funds, and non-affiliated investment advisers, including External Products. To the extent permitted by a client's investment guidelines, where CPS implements certain types of investment on a client's behalf, including illiquid or alternative products, there may be an opportunity to negotiate the terms of the related investment documentation. When such products are serviced by BlackRock Investment Advisers, CPS will not negotiate such terms on the client's behalf.

If Manager Research services are provided, then before recommending or allocating client assets to actively managed investment strategies managed by portfolio manager teams within the BlackRock Investment Advisers or to non-affiliated investment advisers, CPS professionals will consider Manager Research including (i) due diligence at the enterprise level, which compares managers to peer firms, based on consideration of factors, including, without limitation, each firm's global compliance processes, corporate governance, and regulatory disclosure documents and (ii) investment due diligence for both BlackRock Investment Advisers and non-affiliated investment advisers, which considers such advisers' investment teams, investment philosophies and processes, investment performance and fee structures. In some cases, the due diligence process for BlackRock Investment Advisers and Affiliated Funds may be different than that for non-affiliated investment advisers and External Products with limited operational due diligence performed on certain offerings. Generally, with respect to portfolio manager teams within the BlackRock Investment Advisers or non-affiliated investment advisers that manage passive investment strategies, Manager Research performs operational due diligence on such managers and investment due diligence at the index platform level.

CPS will not review the entire universe of available External Products that may be appropriate for a CPS client account, but rather will only review a subset of such External Products that have been reviewed and approved by CPS as determined in its sole discretion. As a result, there may be one or more External Products that would be a more appropriate addition to the client account than the investment product selected by CPS, from the standpoint of the factors that CPS has taken into consideration or other factors. Such External Products may outperform the investment product selected for the CPS client account.

In connection with a client account or an asset class within a client account that, pursuant to its guidelines invests only in Affiliated Funds, CPS will not review or consider External Products. As a result, there may be one or more External Products that would be a more appropriate addition to the CPS client account than the Affiliated Fund selected by CPS, from the standpoint of the factors that CPS has taken into consideration or other factors. Such External Products may outperform the Affiliated Fund selected for the CPS client account.

Where the terms of the governing agreement between CPS and its client grant CPS the authority to choose between products or strategies in a particular asset class managed by BlackRock Investment Advisers (including Affiliated Funds) and non-affiliated investment advisers, CPS faces conflicts of interest when it makes an investment decision or recommendation to allocate to one or more products or strategies managed by BlackRock Investment Advisers, in circumstances where BlackRock receives additional fees and/or other compensation in connection with such Affiliated Fund. Because BlackRock will on an overall basis receive higher fees, compensation and other benefits if the assets of a client account that pay two layers of fees (i.e., client accounts that do not invest on a fee-free basis or that do not receive an offset or credit) are allocated to Affiliated Funds rather than solely to External Products, CPS will be incentivized to recommend or allocate the assets of client accounts to Affiliated Funds. Furthermore, CPS will have an interest in allocating or recommending the assets of client accounts to Affiliated Funds that impose higher fees than those imposed by other Affiliated Funds or that provide other benefits to BlackRock. Correspondingly, CPS may be disincentivized to consider or recommend the removal of a client's assets from, or the modification of a client's allocations to, a BlackRock Investment Adviser or Affiliated Fund at a time that it otherwise would have where doing

so would decrease the fees, compensation and other benefits to BlackRock, including where disposal of an Affiliated Fund by the client account would likely adversely affect the Affiliated Fund with respect to its liquidity position or otherwise.

In addition, the fee structure of certain client accounts (pursuant to which CPS may be required to compensate non-affiliated investment advisers out of the fee it receives from the client account) may incentivize CPS to select non-affiliated investment advisers with lower compensation levels (including non-affiliated investment advisers that discount their fees based on aggregate account size or other relationships) in order to increase the net fee to CPS, and not select other non-affiliated investment advisers that might also be appropriate for the client account. Fee breakpoints in a client account may also be affected by BlackRock's business relationships and the size of accounts other than a CPS client account and may directly or indirectly benefit BlackRock and other client accounts. CPS client accounts will not be entitled to any compensation with respect to such benefits received by BlackRock and other client accounts.

The terms of the governing agreement between CPS and its client may limit the client account to utilize only Affiliated Funds or only External Products or for particular asset classes or strategies within the client account. However, in other cases, the governing agreement provides that both Affiliated Funds and External Funds may be utilized for the client account or for particular asset classes or strategies within the client account. In such cases, the governing agreement may provide that the CPS client must consent to, or may permit the client to veto, CPS' investment in Affiliated Funds or strategies managed by BlackRock Investment Advisers. Alternatively, or in addition, the governing agreement between CPS and its client may incorporate portfolio targets where the portfolio has an expected minimum percentage of Affiliated Funds.

In some circumstances the governing agreement between CPS and its client may provide for a single layer of fees. In such circumstances CPS will have an incentive to select or recommend External Products as BlackRock does not receive additional fees from such client accounts in respect of investments in investment strategies managed by BlackRock Investment Advisers, including Affiliated Funds even though BlackRock is providing additional services to the client accounts. However, in such circumstances there may be countervailing considerations outside of the best interests of the client that may incentivize CPS to select or recommend investment strategies in BlackRock Investment Advisers including Affiliated Funds (e.g. increased assets under management) over External Products.

BlackRock has established information barriers between CPS and BlackRock's other product groups to restrict CPS' access to material non-public information. As a result of internal information barriers maintained by BlackRock between CPS and the other investment teams, CPS is generally restricted from having access to material non-public information regarding Affiliated Funds in which CPS portfolios are invested. If CPS does not have access to certain information with respect to an Affiliated Fund, CPS may determine not to consider such investment for a client account or fund, which could adversely affect such client account or fund. Conversely, CPS may select an Affiliated Fund for the client account notwithstanding that certain information is unavailable to it. Any allocation to (or continued holding of) such an investment could adversely affect the client account.

### *Conflicts Relating to the Use of Tactical Tilts*

CPS may utilize tactical investment ideas derived from short-term market views ("Tactical Tilts") for client accounts. There are material risks related to the use of Tactical Tilts for client accounts. For example, the timing for implementing a Tactical Tilt or unwinding a position can materially affect the performance of such Tactical Tilt. For various reasons, other businesses within BlackRock may implement a Tactical Tilt or unwind a position for client accounts or on their own behalf at a different time than CPS does on behalf of CPS client accounts, or may implement a Tactical Tilt that is different from the Tactical Tilt implemented by CPS on behalf of CPS client accounts, which could have an adverse effect on CPS client accounts and may result in poorer performance by CPS client accounts than by BlackRock or other client accounts. In addition, unless otherwise agreed in the agreement governing the client account, CPS monitors a client account's Tactical Tilt positions only on a periodic basis. Therefore, changes in market conditions and other factors may result in substantial losses to a client account, and no assurance can be given that a Tactical Tilt position will be unwound before the client account suffers losses. The use of Tactical Tilts also may include the risk of reliance on models.

### *Conflicts Relating to the Use of Target Ranges and Rebalancing*

Certain client accounts, either generally or with respect to particular asset classes and/or product classes, may allocate to both Affiliated Funds and External Products in accordance with target allocations or target ranges. For these client accounts, the conflicts and risks described above with respect to allocating assets to both Affiliated Funds and External Products apply. In addition, to the extent a client designates target allocations or target ranges for Affiliated Funds and External Products within a client account or a particular asset class or strategy within a client account, allocations of a client account's assets may, from time to time, be out of balance with the client account's target ranges for extended periods of time or at all times due to various factors, such as fluctuations in, and variations among, the performance of the investment products to which the assets are allocated and reliance on estimates in connection with the determination of percentage allocations. Any rebalancing by CPS of the client account's assets may have an adverse effect on the performance of the client account. For example, the client account's assets may be allocated away from an over-performing investment product and allocated to an under-performing investment product, which could be harmful to the client account. In addition, the achievement of any intended rebalancing may be limited by several factors, including the use of estimates of the net asset values of the investment products, and, in the case of investments in investment products that are pooled investment vehicles, restrictions on additional investments in and redemptions from such investment products. Similarly, the use of target ranges in respect of product classes may result in a client account containing a significantly greater percentage of Affiliated Funds than would otherwise be the case, including during periods in which Affiliated Funds underperform External Products. In such circumstances, there may be one or more External Products that would be a more appropriate addition to a client account than the Affiliated Funds then in the client account. Such External Products may outperform the Affiliated Funds then in the client account.

### ***Financial Markets Advisory***

BlackRock's Financial Markets Advisory Group ("FMA"), works with financial institutions, official institutions and market intermediaries and utilities globally, and provides advice on balance sheet and capital markets exposures, as well as a wide range of other strategic, regulatory and operational challenges. FMA also delivers capital markets, risk management, and investment management capabilities to advise holders or prospective holders of complex, difficult to value or special-situation portfolios, including advice relating to the management, retention, restructuring, disposition and valuation of such assets.

## **Item 11 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. References to policies and procedures of BlackRock also apply to SVOF/MM, unless specified otherwise. 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, under certain regulatory regimes PNC may be treated as an “affiliate” of BlackRock.

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 services under the BRS business 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, 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. Subject to applicable legal and regulatory restrictions, clients of SVOF/MM may also engage in principal transactions and co-investments with certain PNC entities including PNC Bank, National Association.

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.

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 Entities”), 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 Entities as described below, BlackRock Clients could have multiple business relationships with members of the BlackRock Group and the PNC Entities 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 Entities 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 Entities make a market or otherwise have direct or indirect interests. Although the relationships and activities of the BlackRock Group and the PNC Entities tend to offer attractive opportunities and services to BlackRock Clients, such relationships and activities may under certain circumstances give rise to



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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, including SVOF/MM with respect to SVOF/MM Clients, 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 and allocation of investments 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 Entities 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 Entities in the provision of investment management and advisory services.

### **BLACKROCK'S GLOBAL PERSONAL TRADING POLICY AND OTHER ETHICAL RESTRICTIONS**

BlackRock's and SVOF/MM's 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 "Code"), 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.

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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 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 the use of material non-public information.

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 from their line manager and Compliance 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 determine share BlackRock’s values and goals.

### **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 Entities (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 Entity, their own accounts or a client of a PNC Entity, 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 Entities 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 Entities, including, to the extent permitted by applicable law and contractual arrangements, 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 Entity, for itself or its clients, has an equity, debt, or other interest. In addition, to the extent permitted by applicable law and contractual arrangements, BlackRock Clients may engage in investment transactions which may result in other BlackRock



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Clients, or proprietary or client accounts of a PNC Entity, 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 Entity's proprietary or client account with respect to such companies. This may give 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 include direct or indirect receipt of a portion of any management or performance-based compensation 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 each client's governing documents, 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 DOL regulations and relevant exemptions. Cross trades for clients that are business development companies are made in accordance with the Investment Company Act. 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. SVOF/MM does not intend to engage in agency cross transactions on behalf of its clients with any member of the BlackRock Group.

### ***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

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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) may have conflicting interests and objectives in connection with such investments, including with respect to views on the operations or activities of the portfolio company involved, the targeted returns from the investment and the timeframe for, and method of, exiting the investment. 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 or junior debt 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 may elect not to pursue a claim on behalf of a BlackRock Client, rely on third parties to pursue such claim, actively or otherwise, on BlackRock's behalf or otherwise rely on alignment with other third parties to act on behalf of a class of securities or tranche of loans held by the applicable BlackRock Client. 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 Investment Advisers 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 (“Performance-Based Compensation and Side-By-Side Management”) and “Side-By-Side Management” in Item 11 (“Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”) of this Brochure.

**SIDE-BY-SIDE MANAGEMENT**

Side-by-side management by BlackRock Investment Advisers of US Registered Funds, separate accounts, institutional accounts, separately managed account or “wrap fee” programs (“SMA Programs”) accounts, Private Funds and collective trust funds also involves potential conflicts of interest, including those associated with any difference in fee structures, as well as other pecuniary and investment interests the BlackRock Group may have in an account managed by BlackRock. US Registered Funds and SMA Program accounts, for example, generally pay management fees based on a fixed percentage of assets under management, whereas BDCs, institutional accounts and Private Funds often have more varied fee structures, including a combination of asset- and performance-based compensation. The prospect of achieving higher compensation from one Client or account than from another results in potential incentive for the applicable BlackRock Investment Adviser to favor the higher paying Client or account 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, other incentives include where BlackRock or its affiliates or employees have a significant proprietary investment in a fund or account, and where a BlackRock Investment Adviser has an incentive to favor such a fund or account to the detriment of other funds or accounts. BlackRock’s policies and procedures state that investment decisions are to be made without consideration of BlackRock’s or its employees’ pecuniary or investment interests but, instead, in accordance with BlackRock’s or SVOF/MM’s (or either of their personnel’s) fiduciary duties to its client accounts. For additional information regarding side-by-side management, please refer to Item 6 (“Performance-Based Compensation and Side-by-Side Management”) of this Brochure.

In certain situations, a BlackRock Investment Adviser can influence the structure of an underlying portfolio investment for tax purposes. Such structuring may not benefit all accounts under management. The BlackRock Investment Adviser will seek to structure the underlying portfolio in a way that is fair under the circumstances but there is no guarantee a particular client account will not be harmed. Under certain circumstances a BlackRock Investment Adviser is required to sell or exit an investment on behalf of a BlackRock Client at the direction of the BlackRock Client or due to a need for liquidity of a BlackRock Client, so as to meet the ongoing obligations of the BlackRock Client. Such transactions potentially are not in the best interests of all BlackRock Clients and could result in a reduced sales price from current market values

**CERTAIN PRINCIPAL TRANSACTIONS IN CONNECTION WITH THE ORGANIZATION OF A PRIVATE FUND AND BLACKROCK US FUND**

Subject to the terms of the governing documents of the relevant BlackRock Client account, a member of the BlackRock Group may enter into “principal transactions” with a BlackRock Client account within the meaning of Section 206(3) of the Advisers Act in which such member of the BlackRock Group acts as principal for its own account with respect to the sale of a security or other asset to, or purchase of a security or other asset from, such BlackRock Client account. Principal transactions will be completed in compliance with applicable law and the terms of the governing documents of the relevant BlackRock Client account. In analyzing such principal transactions, the applicable BlackRock Investment Adviser will have a conflict between acting in the best interests of a BlackRock Client account and assisting itself or its affiliates by selling or purchasing a particular security.

On occasion and subject to applicable law and applicable governing documents, BlackRock or a related person (including its affiliates or its officers, directors or employees) purchases investments on behalf of and in anticipation of opening a Private Fund for investment. Such investments are transferred to the Private Fund. Generally, to the extent permitted by law, the Private Fund pays a market rate of interest and purchases the investment at cost. Since

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prior to transfer, such investments would be owned by BlackRock or a related person, conflicts of interest arise regarding the decision of whether or not to transfer such investments and the timing of such transfers. In addition, from time to time, BlackRock or a related person, in order to provide initial investment capital, holds a temporary proprietary interest for a period of time after the inception of a Private Fund. BlackRock's or the related person's disposition of such seed investment can have an impact on the value or liquidity of such Private Fund. More information on these arrangements can be found in the OM of the particular Private Fund.

From time to time, BlackRock or a related person, in order to provide initial investment capital, holds a temporary proprietary interest for a period of time after the inception of a BlackRock US Fund.<sup>4</sup> When BlackRock or the related person disposes of their interest, the shares are generally not permitted to be redeemed in conjunction with a purchase by a client account for which BlackRock serves as advisor. BlackRock's or the related person's disposition of shares can have an impact on the price or liquidity of the shares being sold.

### **CERTAIN PROPRIETARY TRANSACTIONS BY BLACKROCK**

On occasion, BlackRock, including its affiliates, may invest in a company or otherwise seek to acquire a controlling or non-controlling stake in a company for strategic purposes. Such activity could result in a restriction on the ability of BlackRock clients to engage with such company as a counterparty or otherwise invest in such company's securities either at the time of such engagement or at a later date. In addition, BlackRock may take action with respect to its proprietary account(s) 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. Such activity gives rise to a potential conflict of interest.

### **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 Entities, 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" in Item 11 ("Code of Ethics, Participation or Interest in Client Transactions and Personal Trading") of this Brochure. 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 may act on such information through accounts managed by persons other than a BlackRock Investment Adviser. The foregoing transactions may negatively impact BlackRock Clients through market movements or by decreasing the pool of available securities or liquidity. BlackRock Clients 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

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<sup>4</sup> BlackRock US Funds – the BlackRock Multi-Asset Complex (consisting of various open-end mutual funds, including variable insurance funds and money market funds serving the institutional and retail market, and an ETF), the BlackRock Fixed-Income Complex (consisting of publicly traded closed-end investment companies and various open-end investment companies, including variable insurance funds) and the US iShares ETF Complex (consisting of ETFs)



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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, strategic partnerships, as well as securities of entities in which BlackRock, or one of its 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 may limit the ability of BlackRock Clients to buy, sell, or hold investments and may 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 inadvertently 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 inadvertently precluded from taking action on behalf of its clients. Nonetheless, the investment flexibility of one or more of the BlackRock Investment Advisers or business units on behalf of BlackRock Clients may be constrained as a consequence of BlackRock's policies regarding material non-public information and insider trading and related legal requirements.

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, in certain circumstances, the 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 and other industry experts, (subject to the BlackRock policies regarding the handling and restricted use of material non-public information). BlackRock has

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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 ENTITIES**

Subject to applicable law and contractual arrangements, 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 Entity. 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 Entities, 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 Entities will be entitled, subject to applicable laws and contractual arrangements, 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 and contractual arrangements, advisory fees, or other compensation payable by BlackRock Clients may not be reduced or offset by reason of receipt by BlackRock or a PNC Entity of any such fees or other amounts. In some instances, members of the BlackRock Group or a PNC Entity, 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***

As discussed under "Services of Affiliates" in Item 4 ("Advisory Business") of this Brochure, BlackRock Investment Advisers use 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 can 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 can 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, US Registered Fund or other investment product. BlackRock and its affiliates will seek to mitigate conflicts that arise by determining 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 outweighs 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, contractual arrangements, investment objectives and guidelines, will purchase on behalf of BlackRock Clients, or will recommend to BlackRock Clients that they purchase, shares of 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.

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Certain 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 BlackRock Private Funds, or separate accounts managed by BlackRock affiliates. BlackRock Investment Advisers face potential conflicts when recommending the purchase of, or allocating the assets of, a BlackRock Client or Private Fund to one or more Affiliated Funds or Affiliated Accounts 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, Affiliated Account, or BlackRock Investment Adviser, to the detriment of the BlackRock Client or Private Fund, or vice versa.

As a shareholder in a pooled investment vehicle, a BlackRock Client will pay a proportionate share of the vehicle’s fees and expenses. Investment by a BlackRock Client in an Affiliated Fund means that, subject to applicable laws and the terms of any such investment, 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 BlackRock Client for managing the separate account or Private Fund. Similarly, BlackRock Clients who invest in an Affiliated Fund through a Private Fund or separate account managed by another BlackRock Investment Adviser are subject to advisory fees charged in connection therewith.

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 could disadvantage the other BlackRock Clients and investors invested in the Affiliated Fund.

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, their respective BlackRock Investment Advisers and other BlackRock Investment Advisers may conform to regulations under the Bank Holding Company Act of 1956, as amended, resulting in limits or restrictions on investments in certain companies, and underlying funds. These potential restrictions are generally discussed in each applicable Private Fund’s OM.

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) was signed into law in the U.S. 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, banking regulators, the Internal Revenue Service and the 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 compliance processes, which could result in additional costs and/or restrictions.

In the referendum held on June 23, 2016 the United Kingdom (UK) voted to leave the European Union (EU) following which a continued period of political and economic instability and volatility in the financial markets of the UK and more broadly across Europe has prevailed. On January 31, 2020 the UK formally ceased membership of the EU and entered a transition period lasting until December 31, 2020. During the transition period, the UK’s existing arrangements with the EU remain unchanged while the terms of future arrangements between the UK and the EU are negotiated and agreed upon by December 31, 2020.

BlackRock has implemented a number of steps to prepare for various Brexit outcomes, including effecting organizational, governance and operational changes, applying for and receiving licenses and permissions in the EU,



and engaging in client communications. Depending on the terms of the future arrangements between the UK and the EU, BlackRock may experience organizational and operational challenges, incur additional costs or face other execution risks in connection with its European operations beyond December 31, 2020.

### ***Use of PNC Entities to Provide Services or Execute Transactions***

Subsidiaries of PNC are registered broker-dealers, (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 ERISA specific information 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 Entities 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 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.

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 Entities 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 Entity, or a client of a PNC Entity, 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 totally 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.

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

From time to time, BlackRock Investment Advisers purchases 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 or an Affiliate 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. Where permitted, the purchase may be made from a party that is a PNC Broker-Dealer. Where the purchase is made from an entity that is not a PNC Broker-Dealer, the PNC Broker-Dealer nevertheless may benefit from such transactions. All such transactions will be effected in accordance with applicable law. When a PNC Broker-Dealer is engaged in an underwriting or other distribution of securities or bank loans of a company, BlackRock Investment Advisers are 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

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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.

For US Registered Funds and BDCs, when an affiliate, as defined under the Advisers Act or the Investment Company Act, is a member of the underwriting syndicate, the purchase of securities in the underwriting on behalf of the US Registered Fund will be in accordance with procedures adopted by the US Registered Funds’ or BDC’ boards of directors/trustees pursuant to Rule 10f-3 under the Investment Company Act.

### ***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 third-party pricing services, custodians, broker-dealers, index providers or other external sources 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 are 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 can 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 value certain 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, which consists of senior members of the Risk and Quantitative Analysis, 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.

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For certain assets that BlackRock manages on behalf of BlackRock Clients, pricing and valuation will be unavailable or unreliable due to the illiquid nature of the investments or, 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 asset 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 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 would 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 Valuation Oversight Committee 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 would 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 would 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 can 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

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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 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.

### ***Banking, Custodial and Related Services***

With respect to institutional accounts, from time to time when asked by a BlackRock Client to recommend a custodian for its account, a BlackRock Investment Adviser could recommend that a BlackRock Client deposit assets with financial institutions affiliated with PNC, which receive fees or earn revenues on such deposits. Additionally, PNC and certain of its affiliates maintain custody of certain of BlackRock Clients' funds and securities, including certain Private Funds.

BlackRock or its affiliates own or have an ownership interest in certain trading, portfolio management, operations and/or information systems (the "Systems") used by one or more service providers providing custodial services to BlackRock Clients or funds managed by a BlackRock Investment Adviser (each a "Service Provider"). The Services Providers remunerate BlackRock or its affiliates for the use of the Systems. Such payments to BlackRock or its affiliates for the use of the Systems may enhance the profitability of BlackRock and its affiliates. The receipt of fees by BlackRock or its affiliates from a Service Provider in connection with the use of the Systems may create an incentive for BlackRock to recommend that a BlackRock Client or fund managed by a BlackRock Investment Adviser enter into or renew a custodial arrangement with a Service Provider.

### ***Conflicts of Interest Presented by the Retention of Third-Party Fees***

As discussed under "Fees Paid to an Adviser by Third Parties" in Item 5 ("Fees and Compensation") of this Brochure, an Adviser or its employees or its affiliates may be entitled to negotiate for and retain Third-Party Fees with respect to the portfolio investments of a Private Fund or separate account to the extent set forth in the applicable Private Fund's OM and/or governing documents or the IMA governing the applicable separate account, respectively, and subject to applicable laws and regulations. The entitlement of an Adviser or its employees or its affiliates in respect of such Third-Party Fees poses various conflicts of interest. For example, an Adviser is financially incentivized to seek out transactions in which a Third-Party Fee would be payable, which may result in the applicable client making investments that it might not otherwise make absent the entitlement of the Adviser to Third-Party Fees. In addition, in situations where an Adviser or its employees or its affiliates have the ability to retain a Third-Party Fee, such Adviser has the financial incentive to negotiate as high a Third-Party Fee as possible. In certain circumstances, transaction counterparties may negotiate terms for the portfolio investments that yield lower returns to the client than might have been the case had the Adviser, its employee or its affiliate not been entitled to the Third-Party Fees.

Even if the terms of a Private Fund's OM and/or governing documents or the IMA governing the separate account, as applicable, do not permit the Adviser or its employees or its affiliate to retain Third-Party Fees, the client may invest alongside other clients with respect to which the Adviser or its employees or its affiliate have a right to retain such fees, which creates conflicts similar to those that arise with respect to such other clients.

### ***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 raises conflict of interest concerns under Section 406(b) of ERISA when a fund or account (each, an "Account") advised by the BlackRock Investment Adviser enters into a transaction with an MPS, although subsequent changes in the relevant facts and circumstances could change this determination. In addition, an MPS could 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 are not 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 Advisers are 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 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, with the approval of the Independent Monitor, to comply with the Exemption. The Exemption Compliance Officer 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 ENTITIES**

#### ***Certain Investment Products or Services of PNC Entities Compete with BlackRock Clients***

From time to time, PNC Entities 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 Entities 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 Entity 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 Entities, subject to applicable laws, may invest, on

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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 Entities***

The BlackRock Group and PNC Entities provide a variety of services and advice (including investment banking services, fairness opinions, and extensions of credit provided by PNC Entities) 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 Entities, 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 or outsourced chief investment officers (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 Entities. 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 Entities attend conferences sponsored by Investment Consultants. Conversely, from time to time, the BlackRock Group and PNC Entities 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 arrangements with BlackRock 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 from or limited in 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.



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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 for BlackRock Client accounts, particularly where such services result in BlackRock obtaining material non-public information about the company. Similar situations could arise if: (i) BlackRock personnel serve as directors or officers of companies the securities of which BlackRock wishes to purchase or sell; (ii) BlackRock 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, voting rights, 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 in index portfolios to the issuer's weighting in the applicable benchmark used by BlackRock to manage the BlackRock Client account or fund and in actively managed portfolios to the issuer's weighting in the applicable risk benchmark, adjusted on the basis of scaling factors that recognize additional degrees of freedom of active mandates over index mandates. 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 BlackRock's allocation policy, please refer to "Competing or Complementary Investments and Trade Aggregation" in Item 12 ("Brokerage Practices") of this Brochure.

In addition to the foregoing, other ownership or voting 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

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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.

## Item 12 Brokerage Practices

As a general rule, SVOF/MM receives discretionary investment authority from its clients at the outset of an advisory relationship. Subject to the terms of the applicable IMA, SVOF/MM's authority often includes the ability to select brokers and dealers through which to execute transactions on behalf of its clients, and to negotiate the commission rates, if any, at which transactions are effected. In making decisions as to which securities or instruments are to be bought or sold and the amounts thereof, SVOF/MM is guided by the mandate selected by the client and any client-imposed guidelines or restrictions. In some cases, pursuant to the advisory relationship, SVOF/MM has the authority to enter into an over-the counter derivative relationship and transaction related documentation, repurchase agreements, futures and cleared derivatives agreements, listed options agreements, prime brokerage and securities lending agreements, securities forward agreements and other brokerage and/or trading agreements in connection with the trading of certain securities or instruments. SVOF/MM Clients often acquire and/or dispose of investments in privately negotiated purchase and sale transactions that do not involve a broker dealer.

### SELECTION OF BROKERS, DEALERS AND OTHER TRADING VENUES AND METHODS

The overriding consideration in allocating client orders for execution is the maximization of client profits (or minimization of losses) through a combination of controlling transaction costs (including market impact) and seeking the most effective uses of a broker's capabilities. When SVOF/MM has the authority to select brokers or dealers to execute transactions for its clients, it seeks to obtain the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commissions or spread). In so doing, SVOF/MM considers all factors it deems relevant. Such factors are typically either venue specific or transaction specific and may include, but not be limited to: (A) for venues: (i) execution capability including speed of execution, quality of communication links to BlackRock, 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) fund or portfolio objectives or client requirements (if permissible), as applicable; (vii) if applicable, client-directed brokerage arrangements; and (viii) applicable execution venue factors.

SVOF/MM does not consider a broker's or dealer's sales of BlackRock or clients' products, including shares of mutual funds or ETFs, when determining whether to select such broker or dealer to execute fund portfolio transactions. In addition, when deemed appropriate by SVOF/MM and subject to the applicable IMA or contractual arrangements and investment guidelines, SVOF/MM will enter into derivatives transactions (including but not limited to futures, swaps, options and currency forward contracts) on behalf of a Client. Counterparties to these derivatives transactions are selected based on a number of factors, including, but not limited to credit rating, execution prices, execution capability with respect to complex derivative structures and other criteria relevant to a particular transaction.

SVOF/MM endeavors to be aware of current charges assessed by relevant broker-dealers and to minimize the expense incurred for effecting portfolio transactions, to the extent consistent with the interests and policies of client accounts. However, SVOF/MM will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction. Although SVOF/MM generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent as transactions that involve specialized services on the part of a broker-dealer generally result in higher commission rates or equivalents than would be the case with more routine transactions. SVOF/MM may pay higher commission rates to those brokers whose execution abilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results and are consistent with applicable law and contractual arrangements.

The reasonableness of commissions is based on a BlackRock Investment Adviser's view of the broker's ability to provide professional services, competitive commission rates, research and other services which will help a BlackRock Investment Adviser in providing investment advisory services to its clients, viewed in terms of either the particular transaction or the BlackRock Investment Adviser's overall responsibility to its clients, as the extent to which the commission rate or net price associated with a particular transaction reflects the value of services provided often cannot be readily determined. In making these determinations, the BlackRock Investment Adviser recognizes that some firms are better at executing some types of orders than others and it can be in the clients' best interests to use a broker whose commission rates are not the lowest but whose executions and other services the BlackRock Investment Adviser believes are likely to result in lower overall transaction costs or more favorable or more certain results.

As noted above, from time to time a BlackRock Investment Adviser places client transactions through an ECN or other electronic systems or ATS or with brokers or dealers that participate in such systems, including some in which BlackRock, from time to time and in accordance with applicable law, will have an ownership or financial interest. A BlackRock Investment Adviser uses these systems only when consistent with its relevant policies and procedures and the duty to seek best execution.

Unless inconsistent with the BlackRock Investment Adviser's duty to seek best execution, a BlackRock Investment Adviser at times directs a broker to execute a trade and "step out" a portion of the commission in favor of another broker that provides brokerage or research related services to BlackRock as described above. A BlackRock Investment Adviser also at times uses step out transactions in fulfilling a client-directed brokerage arrangement, to allow for an order to be aggregated, or for regulatory or other purposes. However, BlackRock does not enter into agreements with, or make commitments to, any broker-dealer that would bind BlackRock to compensate that broker-dealer, directly or indirectly, for client referrals or sales efforts through placement of brokerage transactions; nor will BlackRock use step out transactions or similar arrangements to compensate selling brokers for their sales efforts.

### ***Trade Reporting***

Certain client transactions are subject to reporting requirements with regulators within the U.S. and in jurisdictions outside of the U.S., Brokers, dealers and other counterparties to such client transactions as well as market participants such as clearing houses, trading platforms or affirmation platforms may be required to report details of such client transactions to a trade repository and/or to relevant regulators, and such disclosures could result in certain client transaction data becoming available to the public.

### ***Research and Soft Dollars***

SVOF/MM does not use client commissions to acquire research or execution services from broker-dealers, known as "soft dollar" arrangements.

### ***Access Fees Paid to, and Discounts Provided by, ECNs, Derivatives Clearing Firms and Other Trading Systems***

BlackRock also places orders for the purchase and sale of securities or other instructions for certain of its clients through electronic trading systems or ATs, including ECNs, derivatives clearing firms, or with brokers or dealers that participate in such trading systems or platforms, consistent with its duty to seek best execution of client transactions. ECNs and derivatives clearing firms charge fees for their services, including access fees, transaction fees and/or clearing fees. Access fees may be paid by BlackRock even though incurred in connection with executing transactions on behalf of clients, while transaction fees and clearing fees generally will be charged to clients and, may be included in the cost of the instruments purchased. In certain circumstances, ECNs and derivatives clearing firms offer volume discounts that will reduce the access fees typically paid by an investment adviser. BlackRock expects to qualify for these volume discounts, which have the effect of reducing the access fees paid by BlackRock. Volume discounts achieved by BlackRock may also benefit or be applied to other BlackRock affiliates or their clients.

BlackRock also, from time to time and in accordance with applicable law, makes a nominal equity investment in or financial arrangement with a trading system or enter into consulting and/or advisory relationships with such electronic trading systems in order to assist in the design and development of such systems. In addition, certain BlackRock employees or employees of affiliates serve as board members or advisory members of ECNs, derivatives clearing

firms, and/or other trading systems. Although BlackRock will not accept any payment, commission, rebate, or other compensation that is based on its use of a trading system on behalf of its advisory clients, BlackRock's use of these trading systems would result in some benefit to the trading system and therefore would, in turn, indirectly benefit BlackRock as an investor or party with a financial interest in the trading system.

### **COMPETING OR COMPLEMENTARY INVESTMENTS AND TRADE AGGREGATION**

In some circumstances, BlackRock Investment Advisers seek to buy or sell the same securities contemporaneously for multiple BlackRock Client accounts. Similarly, BlackRock Investment Advisers manage or advise accounts of BlackRock Clients that have investment objectives that are similar to those of other BlackRock Clients and/or seek to make investments in securities or other instruments in which BlackRock Clients invest. This will create potential conflicts and potential differences among different BlackRock Clients, particularly where there is limited availability or limited liquidity for those investments. BlackRock has developed policies and procedures that provide that it will seek to allocate investment opportunities and make purchase and sale decisions among all BlackRock Clients in a manner that it deems fair and equitable over time. Please see Item 11 ("Potential Conflicts Relating to Advisory Activities") of this Brochure for more information.

### **TRADE AGGREGATION**

Although, in some instances, allocating orders among BlackRock Clients creates potential conflicts of interest because of the interests of members of the BlackRock Group or because BlackRock receives greater fees or compensation from certain BlackRock Clients, BlackRock Investment Advisers will not make allocation decisions based on such interests or greater fees or compensation. Notwithstanding the foregoing, and considering BlackRock's policy to treat all eligible BlackRock Clients fairly and equitably over time, any particular allocation decision among accounts can be more or less advantageous to any one BlackRock Client or group of BlackRock Clients and certain allocations, to the extent consistent with BlackRock's fiduciary obligations, deviate from a pro rata basis among BlackRock Clients in order to address legal, tax, regulatory, fiduciary, risk management, and other considerations. In any given circumstance, BlackRock also will consider client guidelines, the source of the investment opportunity, the nature of the mandate, the timing of a given fund or account's closing, contractual obligations, the respective committed capital of the relevant BlackRock Clients, legal or regulatory requirements, and other considerations, as applicable.

For example, certain BlackRock Investment Advisers allocate investment opportunities among client accounts based upon the nature of the investment opportunity and an assessment of the appropriateness of that opportunity for a client's account, taking into consideration the various risk characteristics associated with the investment opportunity and the relative risk profiles of the client account ("allocation metrics"). The risks considered in determining the allocation metrics for a group of accounts include, without limitation; (i) the type of security being considered; (ii) the security-, issuer- and/or industry-specific risks; (iii) the actual or expected liquidity of the security; and (iv) current and expected concentrations and exposures. In certain cases, BlackRock Investment Advisers will determine that an investment opportunity or particular purchases or sales are appropriate for one or more BlackRock Clients or for the BlackRock Group, but not for other BlackRock Clients, or are appropriate for, or available to, BlackRock Clients but in different sizes, terms, or timing than is appropriate for other BlackRock Clients, or determine not to allocate to or purchase or sell for certain BlackRock Clients all investment transactions for which all BlackRock Clients may be eligible.

Given all of the foregoing factors, the amount, timing, structuring, or terms of an investment by BlackRock clients will differ from, and performance can be lower than, investments and performance of other BlackRock clients, including those which provide greater fees or other compensation (including performance-based compensation) to BlackRock Investment Advisers or are accounts in which members of the BlackRock Group have an interest. The offering documents of certain funds and accounts may include additional information about the allocation of investment opportunities, trade aggregation, and conflicts of interest generally, and include information about the allocation procedures and processes directly applicable to that fund or account.

## Item 13 Review of Accounts

Members of SVOF/MM's investment team monitor the SVOF/MM Clients' portfolio companies on an ongoing basis. They monitor the financial trends of each portfolio company to determine if it is meeting its business plans and to assess the appropriate course of action for each company.

The members of SVOF/MM's investment team utilize several methods for evaluating and monitoring the performance and fair values of the SVOF/MM Clients' investments, which may include the following and other methods:

- assessment of success of the portfolio company in adhering to its business plan and compliance with covenants;
- comparisons to other companies in the industry; and
- review of interim and annual financial statements and financial projections for portfolio companies.

Additionally, BlackRock periodically reviews BlackRock Client accounts and provides reports to clients regarding their accounts. The nature and frequency of these reviews, as well as the frequency and content of these reports, is discussed in more detail below.

### NATURE AND FREQUENCY OF CLIENT ACCOUNT REVIEW

Depending on the nature of an institutional client's portfolio, the client's own monitoring capabilities, the type of advice and the arrangements made with the client, BlackRock's frequency of client account reviews ranges from daily to quarterly. The level of review can encompass the client's portfolio, a section of the portfolio, or a specific transaction or investment. Additional reviews can be triggered by changes in the investment objectives or guidelines of a particular client or specific arrangements with particular clients. The frequency, depth, and nature of reviews are often determined by negotiation with individual clients pursuant to the terms of each client's written IMA or by the mandate selected by the client and the particular needs of each client. Reviews typically are conducted by portfolio management and account management personnel. BlackRock holds periodic staff meetings to determine the timing, level and focus of specific client reviews and to review the appropriateness of the review already completed.



## Item 14 Client Referrals and Other Compensation

None.

## Item 15 Custody

SVOF/MM may be deemed to have custody of its clients' assets including, without limitation, because certain clients authorize SVOF/MM to receive its advisory fees out of the assets in such clients' accounts by sending invoices or payment instructions to the respective custodians of those accounts. As noted in Item 13 ("Review of Accounts") of this Brochure, the frequency and content of reports provided by SVOF/MM to clients vary according to the particular needs of each client and the agreement between the client and SVOF/MM. Clients should compare any reports provided by BlackRock with the account statements received from the custodian, without limitation, advisory fee deductions and transfers to a third party pursuant to a standing letter of instruction. If clients discover any discrepancy between the account statement provided by BlackRock and the account statement provided by the custodian, then they should contact BlackRock immediately.

BlackRock also could be deemed to have custody of certain Private Funds advised by SVOF/MM for which it or an affiliate serves as managing member or general partner. In addition, BlackRock may be deemed to have custody of certain special purpose investment vehicles for which SVOF/MM or an affiliate serves as managing member or general partner (or similar role) and through which certain clients (including Private Funds and separate account clients) make one or more investments. Investors in such Private Funds or special purpose investment vehicles generally will receive the vehicle's annual audited financial statements. Such Investors should review these statements carefully. If investors in the Private Funds or special purpose investment vehicles do not receive audited financial statements in a timely manner (120 days for most Private Funds), then they should contact BlackRock immediately.

To the extent that a Private Fund or special purpose vehicle for which BlackRock is deemed to have custody does not provide investors with its annual financial statements as described above, such investors will instead receive quarterly account statements from the qualified custodian of such Private Fund or special purpose vehicle and should contact BlackRock immediately if they fail to receive such account statements.

## **Item 16 Investment Discretion**

As a general rule, SVOF/MM receives discretionary investment authority from its clients at the outset of an advisory relationship. Depending on the terms of the applicable IMA, SVOF/MM's authority could include the ability to select brokers and dealers through which to execute transactions on behalf of its clients, and to negotiate the commission rates, if any, at which transactions are effected. In making decisions as to which securities are to be bought or sold and the amounts thereof, SVOF/MM is guided by the mandate selected by the client and any client-imposed guidelines or restrictions. Unless SVOF/MM and the client have entered into a non-discretionary arrangement, SVOF/MM generally is not required to provide notice to, consult with, or seek the consent of its clients prior to engaging in transactions. Please see Item 12 ("Brokerage Practices") of this Brochure for more information.

## Item 17 Voting Client Securities

As part of its discretionary management authority of the SVOF/MM Clients' portfolios, SVOF/MM has the authority to vote the SVOF/MM Clients' securities, and SVOF/MM Clients do not have the ability to direct SVOF/MM to vote in any particular solicitation. Additionally, because SVOF/MM generally does not trade on behalf of SVOF/MM Clients in individually publicly traded equity securities, SVOF/MM typically does not vote traditional proxies. All such proxies voted tend to be related to changes being implemented by portfolio companies and the votes are generally determined by the SVOF/MM Investment Committee.

US Registered Funds and certain Private Funds managed by BlackRock have delegated the authority to vote proxies to BlackRock. From time to time, institutional, SMA Program, and other clients will give BlackRock or its designee the authority to vote proxies relating to securities held in their accounts by granting such authority in IMAs. Consistent with applicable rules under the Advisers Act, BlackRock has adopted and implemented written proxy voting policies and procedures ("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 ("Stewardship Advisory Committees") comprising senior BlackRock investment professionals for the following regions: Americas; Europe; Middle East and Africa; Asia Pacific; and Global. The Stewardship Advisory Committees review and approve amendments to BlackRock's proxy voting guidelines (the "Guidelines") and grant authority to the Global Head of Investment Stewardship ("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 Stewardship Advisory 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 Stewardship Advisory Committees for their review, discussion, and guidance prior to making a voting decision. BlackRock's Equity Policy Oversight Committee oversees certain aspects of the Investment Stewardship Global Oversight Committee and the Investment Stewardship Group's activities.

BlackRock votes (or outsources, transfers 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 Stewardship Advisory Committees. From time to time, the Stewardship Advisory 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) 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 or contractual threshold constraints.

As a consequence, BlackRock votes proxies only on a "best-efforts" basis. In addition, the Stewardship Advisory Committees will in some circumstances determine that it is 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.

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. 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. 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. However, because BlackRock Clients are mostly long-term investors with long-term investment goals, ballots are frequently cast in a uniform manner for all BlackRock Clients.

BlackRock maintains policies and procedures that are designed to prevent undue influence on BlackRock's proxy voting activity that 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 other situations that could give rise to a potential conflict of interest.

With respect to fixed income securities or the securities of privately held issuers, proxy voting decisions generally will be made by the portfolio manager of an account or private fund and/or the Investment Stewardship Group based on their assessment of the particular transactions or other matters at issue.

Certain business units of BlackRock, Inc. maintain proxy voting policies and procedures that are applicable to their specific business units and are separate from the proxy voting policies and procedures applicable to other BlackRock business units and the Investment Stewardship Group. A summary of these policies and procedures are available to clients of those business units upon request.

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.

With regard to the relationship between securities lending and proxy voting, BlackRock's approach is driven by its clients' economic interests. The evaluation of the economic desirability of voting proxies for securities that are on loan involves balancing the likely economic significance of voting those securities against the revenue-producing value of the loan. Based on BlackRock's evaluation of this relationship, we believe that generally the likely value of casting most votes is less than the securities lending income, either because the votes will not have significant economic consequences or because the outcome of the vote would not be affected by the BlackRock Investment Adviser recalling loaned securities in order to ensure they are voted. In certain instances however, BlackRock in its discretion

will determine that the value of voting outweighs the cost of recalling shares, and thus recall shares to vote in that instance.

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 Guidelines & Engagement Principles"). BlackRock also will provide clients, upon request with 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 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: <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history> - (Annual Stewardship Reports").



## Item 18 Financial Information

Not Applicable

## GLOSSARY

3(c)(1) Funds – Private Funds that are offered to U.S. Persons and are excepted from the definition of an investment company pursuant to Section 3(c)(1) of the Investment Company Act

3(c)(7) Funds – Private Funds that are offered to U.S. Persons and are excepted from the definition of an investment company pursuant to Section 3(c)(7) of the Investment Company Act

Advisers Act – Investment Advisers Act of 1940, as amended

Affiliated Accounts – Portfolios managed by BlackRock Investment Advisers

Affiliated Funds – “US Registered Funds” or other pooled investment vehicles (including Private Funds) for which BlackRock Investment Advisers serve as investment adviser or sub-advisor

ATS – Alternative Trading System

BDC – Business Development Company

BES – BlackRock Execution Services

BIS – BlackRock Index Services, LLC

BIS Index – Index developed by BlackRock Index Services, LLC

BlackRock – BlackRock, Inc. together with its subsidiaries

BlackRock Clients – Investment management clients of BlackRock, Inc. and its subsidiaries

BlackRock Group – Collectively, BlackRock and its directors, managers, members, officers, and employees

BlackRock Investment Advisers – The various investment advisory and trust company subsidiaries of BlackRock, Inc.

BlackRock US Funds – the BlackRock Multi-Asset Complex (consisting of various open-end mutual funds, including variable insurance funds and money market funds serving the institutional and retail market, and an ETF), the BlackRock Fixed-Income Complex (consisting of publicly traded closed-end investment companies and various open-end investment companies, including variable insurance funds) and the US iShares ETF Complex (consisting of ETFs)

BRIL – BlackRock Investments, LLC

BRS – BlackRock Solutions®

BTC – BlackRock Institutional Trust Company, N.A.

CEA – Commodity Exchange Act

CFTC – U.S. Commodities Futures Trading Commission

Code – Collectively, BlackRock Global Personal Trading Policy and BlackRock’s Code of Business Conduct and Ethics

CPS – Client Portfolio Solutions

Dodd-Frank – Dodd-Frank Wall Street Reform and Consumer Protection Act

DOL – U.S. Department of Labor

ECN – Electronic communication network

eFront – eFront Holding SAS

ERISA – Employee Retirement Income Security Act of 1974, as amended

ETFs – Exchange-traded funds

Exchange Act – Securities Exchange Act of 1934, as amended

Fair Value Assets – Assets for which 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.

FERC – Federal Energy Regulatory Commission

FMA – BlackRock’s Financial Markets Advisory Group

FPA – Federal Power Act, as amended

Funds of Funds – Funds that invest primarily in other affiliated or unaffiliated investment vehicles

Guidelines – BlackRock’s proxy voting guidelines

GHGs – greenhouse gases

GVMC – BlackRock’s Global Valuation Methodologies Committee

IMA – Investment Management Agreement

Investment Company Act – Investment Company Act of 1940, as amended

Investment Consultants – Pension or other institutional investment consultants or outsourced chief investment officers

IRC – Internal Revenue Code of 1986, as amended

MPS – Minority Passive Shareholder

NFA – National Futures Association

NGA – Natural Gas Act, as amended

NYSE – New York Stock Exchange

OM – Offering Memorandum

Operating Events – Trade errors and other operational mistakes made in connection with a BlackRock Investment Adviser’s management of funds and client accounts

PAC – Political Action Committee

PNC – The PNC Financial Services Group, Inc., together with its subsidiaries

PNC Broker-Dealers – Subsidiaries of PNC that are registered broker-dealers

PNC Entities – PNC and its other affiliates, directors, partners, trustees, managers, members, officers, and employees collectively

Private Fund – Unregistered investment vehicles excepted from the definition of an “investment company” under the Investment Company Act

Proxy Voting Guidelines – The written proxy voting policies and procedures adopted and implemented by BlackRock

Rating Agency – Credit rating agencies, including nationally recognized statistical rating organizations

RGGI – Regional Greenhouse Gas Initiative

Rules – Collectively, Rule 17j-1 under the Investment Company Act and Rule 204A-1 under the Advisers Act

SEC – U.S. Securities and Exchange Commission

Securities Act – The Securities Act of 1933, as amended

Service Clients – Various clients for which the BlackRock Group and/or PNC Entities provide a variety of services and advice (including investment banking services, fairness opinions and extensions of credit provided by PNC Entities).

SMA Program – Separately managed account or “wrap fee” program

SVOF/MM Clients – investment vehicles which have entered into an investment management agreement with SVOF/MM, LLC to provide investment management services

Systems – Trading, portfolio management, operations and/or information systems which BlackRock or its affiliates own or have an ownership interest

TCP – Tennenbaum Capital Partners, LLC

Third-Party Fees – The commitment fees, break-up fees, directors’ fees, consulting fees, transaction fees, advisory fees, closing fees and other similar fees from a portfolio investment of a Private Funds or separate account, respectively, as well as placement or other similar fees payable to a broker that SVOF/MM or one of its employees or affiliates receives at times

U.S. – United States

U.S. Persons – Persons as defined under Regulation S of the Securities Act

US iShares ETF Complex – BlackRock’s iShares exchange-traded registered investment companies advised by BFA that are listed for trading on the secondary market.

US iShares ETFs – BlackRock’s iShares ETF exchange-traded registered investment companies which are part of the US iShares ETF Complex

US Registered Funds – BlackRock’s proprietary funds and sub-advised registered under the Investment Company Act.

## **BlackRock Client and Vendor Privacy Notice**

BlackRock is committed to processing personal information in line with all applicable privacy and data protection laws. For more information on the collection, use and disclosure of personal information by BlackRock, please see the BlackRock Client and Vendor Privacy Notice which is available at:

<https://www.blackrock.com/corporate/compliance/privacy-policy>