Introducing BlackRock's Target Allocation ETF Models

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BLACKROCK®

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BENEFIT # 1

Scale and simplify your practice

Spend more time with clients. Routinize your client reviews. Clean up your book.

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Models can help you transform your practice

Hypothetical example

BEFORE models	**AFTER** models
100+ funds and individual securities	**3-6 portfolios** across risk profiles
Every client review is **unique**	**Consistent,** efficient client reviews
Time constrained	**More time** for planning, prospecting

Reduce
Investment management and administration from
40 to **20%**
of your time

Potential transfer of time
450+ hours saved*

Increase
Client-facing activities from
60 to **80%**
of your time

- * Cerulli Associates, "U.S. Advisor Metrics 2016: Combatting Fee and Margin Pressure." Time savings estimation assumes 20% time savings x a 45hr work week x 50 weeks per year = 450hrs saved.

BENEFIT # 2

Manage fees with low cost ETFs and mutual funds

Industry forces are driving advisors to reduce expense ratios.

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Two forces driving fee compression

1 The "math problem"

	4.13%	60/40 portfolio benchmark return*, past three years
–	1.02%	Average advisory fee†
=	3.11%	What's left for the investor, before expense ratios and tax costs

2 New low cost competitors

Profile of the largest digital "Robo" advisor ‡

30bps fee

$108B AUM

$400K average client size

Index the core with ETFs

Competitive performance
Over the last 5 years, iShares U.S. equity style box ETFs have outperformed 90% of active mutual funds§

Low cost
iShares ETFs cost 1/3 as much as the typical mutual fund§

Tax efficient
Over the past five years, only 5% of iShares ETFs have paid a capital gains distribution§

- As of 9/30/2017. Benchmark represented by 100% Bloomberg Barclays US Universal Index for fixed income, 60% MSCI ACWI Index, and 40% MSCI USA Index for equity. Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.
- † Average advisory fee as of November 2017. Source: https://smartasset.com/retirement/financial-advisor-fees-what-you-need-to-know.
- ‡ Largest digital advisor based on AUM. As of 6/6/17. Source: http://www.investmentnews.com/article/20170606/FREE/170539987/5-robo-advisers-with-the-most-client-assets.
- § See slide 16 for sourcing and important information.

BENEFIT # 3

Implement a defined investment process

Increased regulations continue to challenge your practice.

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Adapt your practice to heightened regulations

BEFORE models	**AFTER** models
Different outcomes for clients with the same risk profile	Seek consistent client returns by risk profile[1]
"Orphan" funds on the books with no documented due diligence	Short list of ETFs/funds commonly held across clients

2016 FINRA disciplinary actions*:

1,434
disciplinary actions

$176.3
million in fines

$27.9
million in restitution to harmed investors

- 1 Returns can fluctuate by account.
- * 2016 Year in Review FINRA data — www.finra.org/newsroom/statistics. There is no guarantee that a models-based practice will prevent or reduce any business or regulatory risk.

BlackRock Model Portfolios

Our value proposition

Investment expertise simply delivered

Diversified, Cost-Effective Portfolios	Adapt to changing market environments, leveraging low-cost, tax-efficient ETFs
Institutional Capabilities to Individual Investors	Focus on consistency of results by leveraging BlackRock's sophisticated risk analytics and technology
A Range of Outcomes	Offer a comprehensive model suite and resources to serve as your one-stop-shop for portfolio needs

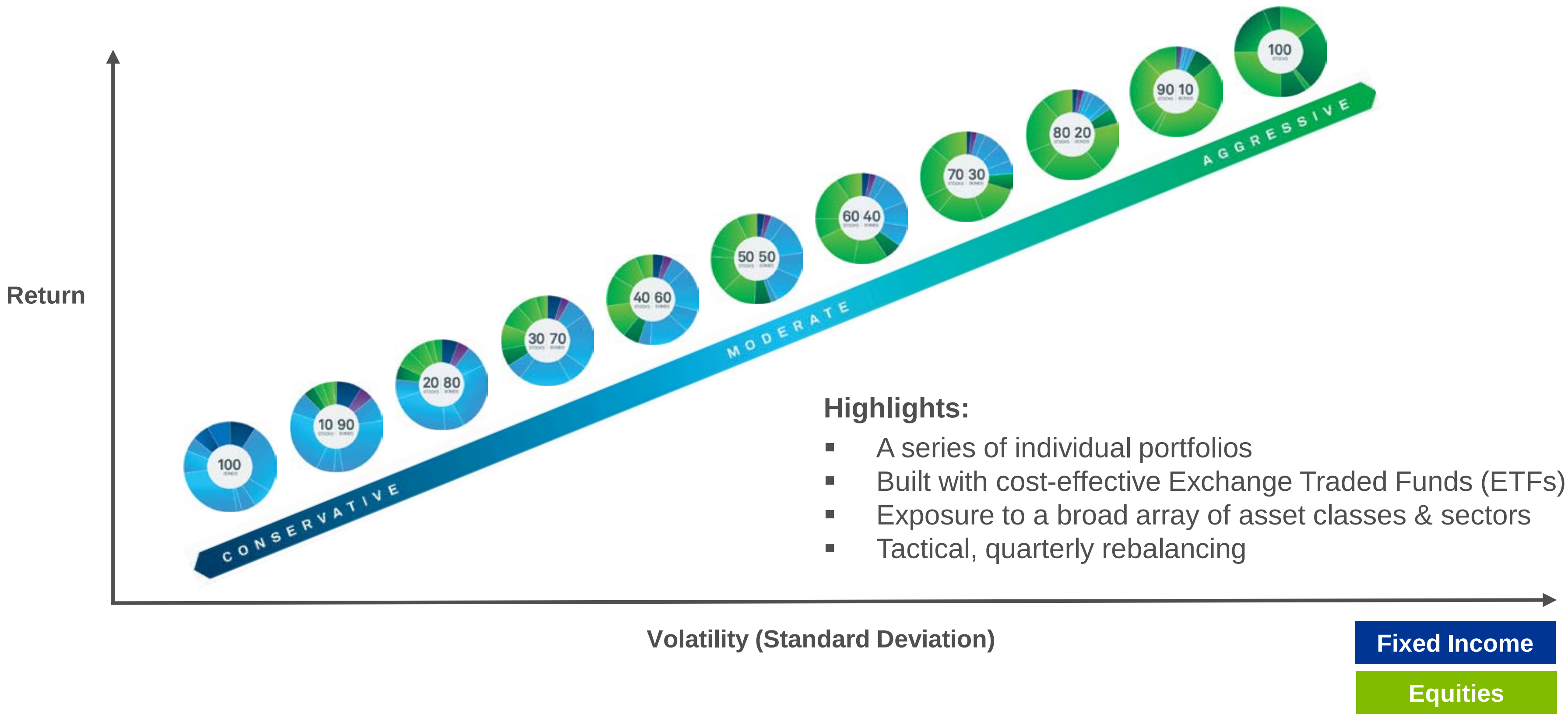
BlackRock Target Allocation Model Portfolios

1 All-in-One, Core Portfolios

2 Skillfully Crafted Cost-Effective ETF Allocations

3 Strategically Balanced Results and Risk

Comprehensive, Long-term Asset Allocation Strategies



Highlights:

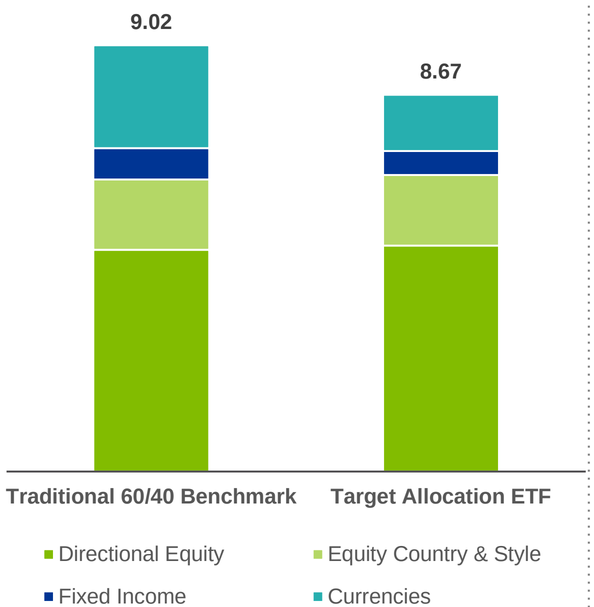
- A series of individual portfolios
- Built with cost-effective Exchange Traded Funds (ETFs)
- Exposure to a broad array of asset classes & sectors
- Tactical, quarterly rebalancing

The views and models described may not be suitable for all investors. For illustrative purposes only.

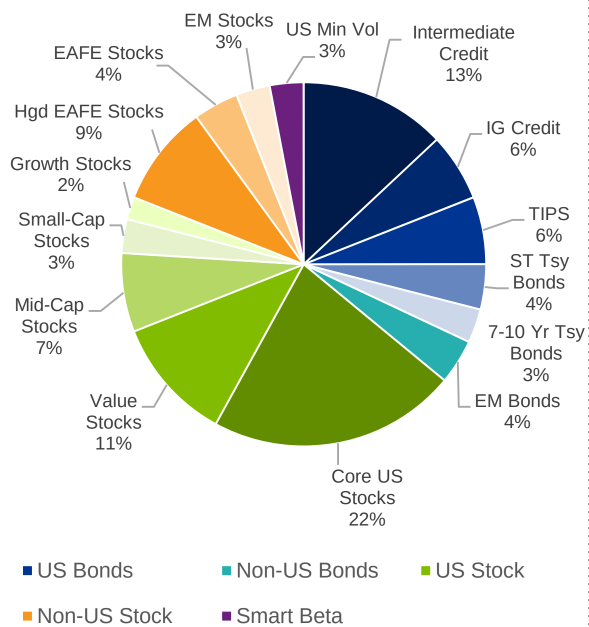
BlackRock Model Portfolios
Our investment process

Enhance Diversification	Tilt Toward Relative Value	Manage Downside Risk
Seek to reduce risk associated with investment goal	Take risk where we have the potential for reward	Assess and seek protection from downside risks in changing markets

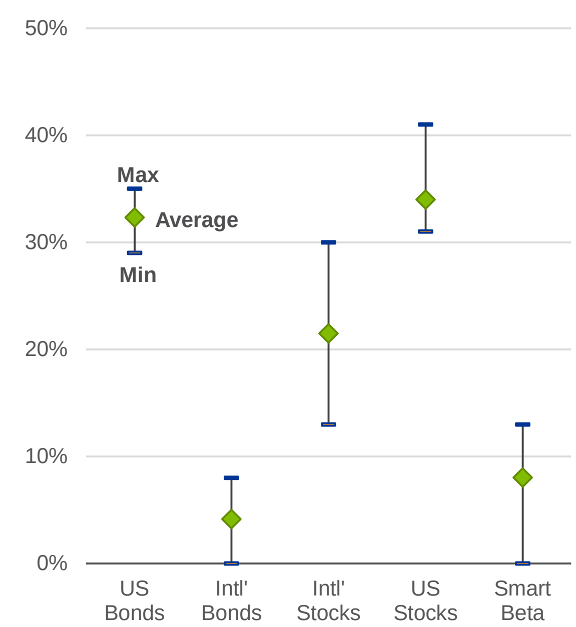
Risk Breakdown*



Asset Allocation
Illustrative Example



Allocation Ranges
Illustrative Example



*Source: BlackRock and BlackRock Aladdin Portfolio Builder, as of 12/31/16. Target Allocation ETF model represented by Target Allocation 60/40 ETF. Traditional 60/40 Benchmark: 42% MSCI ACWI Index; 18% MSCI U.S. Index; 40% U.S. Universal Bond Index. Reflects long-term, strategic position of the Target Allocation 60/40 ETF model. Risk breakdown represents standard deviation.

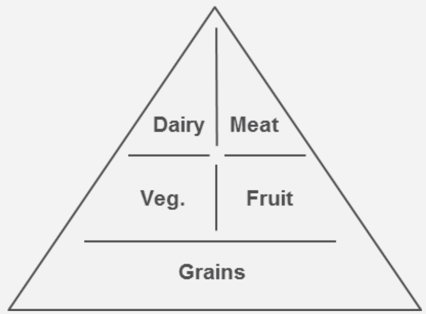
Enhance Diversification
A well-balanced diet

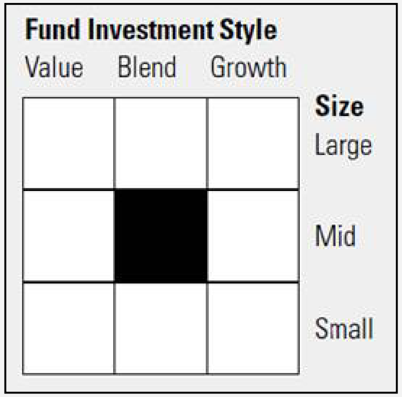
Thinking beyond asset classes can help enhance overall portfolio diversification

Broad Universe

Domestic Equity
Real Estate
Diversified Credit
Large Cap
Commodities
Farmland
Small Cap
Direct Lending
REITs
Event Driven
Risk Parity
Timber
Synthetic Overlay
TIPS
Smart Beta
Private Equity
Emerging Markets
Cash
ETFs
Real Return
Leveraged Loans
Core Fixed Income
Energy
Hedge Funds

Traditional Categories





Most Basic Elements

Nutrients

Fiber	65%
Protein	25%
Carbohydrates	<1%
Fat	10%
Sodium	>1%

- Interest Rates
- Inflation
- Credit
- Economic Growth
- FX
- Volatility

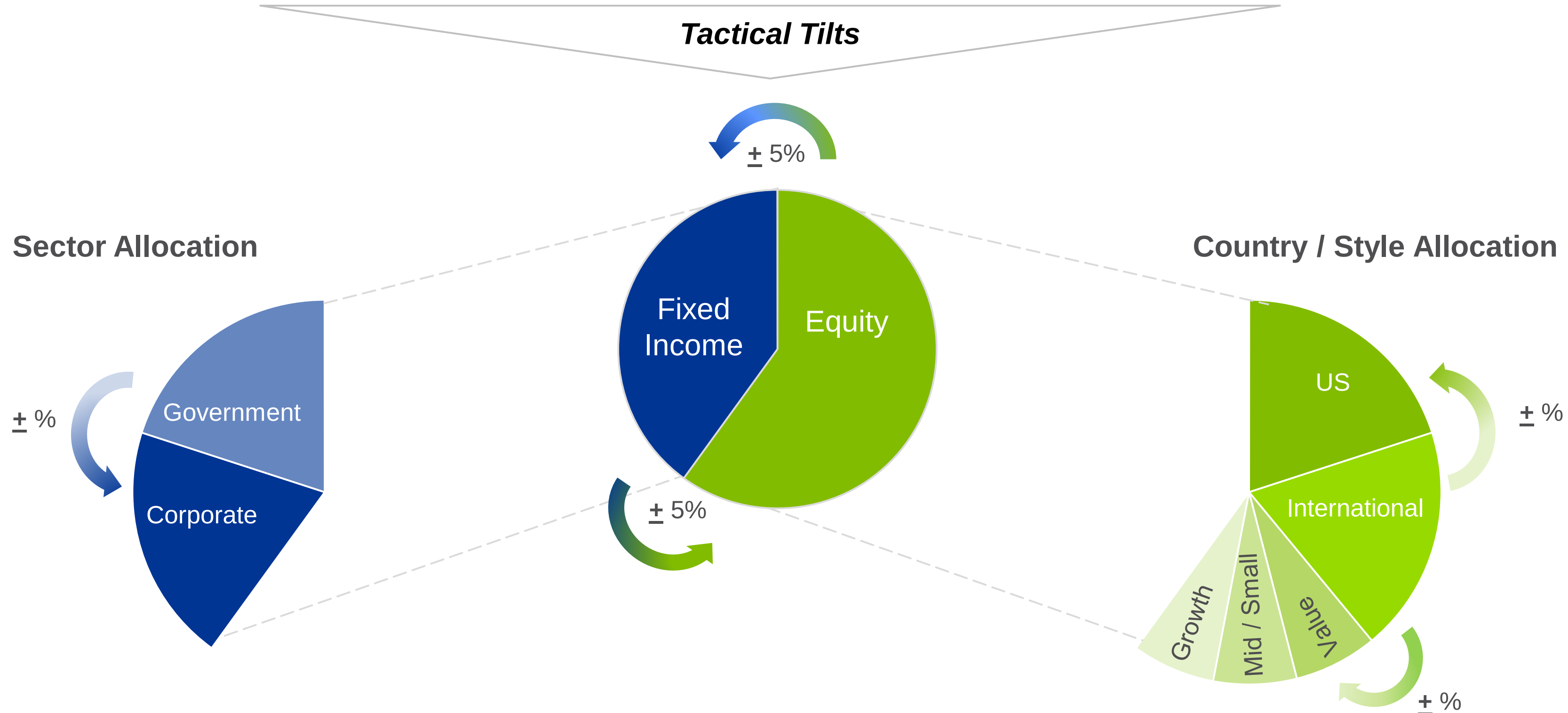
Factors are fundamental building blocks of investment returns

For illustrative purposes only.

Tilt Toward Relative Value
Currents beneath the surface

Combine top-down, bottom-up, and big data research to form relative value views

0-6 month horizon	*1-3 year horizon*	*5-10 year horizon*
Sentiment	**Economic**	**Valuation**
• Higher frequency insights for risk-on/risk-off, market and style factors	• Fundamental economic momentum	• Equity risk premium • Term risk premium • Credit risk premiums



For illustrative purposes only.

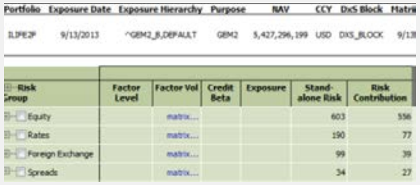
Navigate Downside

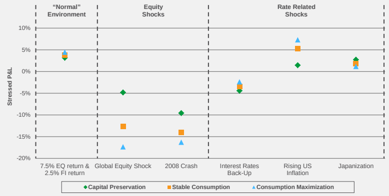
Built on industry-leading Aladdin® technology

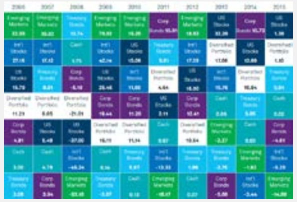
Leveraging global insight, expertise, and sophisticated risk management & portfolio analytics

Risk & Quantitative Analysis Group	Aladdin® Platform	BlackRock Investment Institute

Risk Evaluation	Stress Testing	Monitoring & Rebalancing
Understanding the risk exposures today	Quantifying potential risks of tomorrow	Building a portfolio that can work through time
Risk decomposition to measure the contribution of every risk source	Stress tests to measure the impact of various market scenarios	Asset class research to help provide diversification and reduce volatility







Critical for day-to-day portfolio management	Helps enable appropriate asset allocation for various environments	Can translate into a more robust optimized portfolio

For illustrative purposes only.

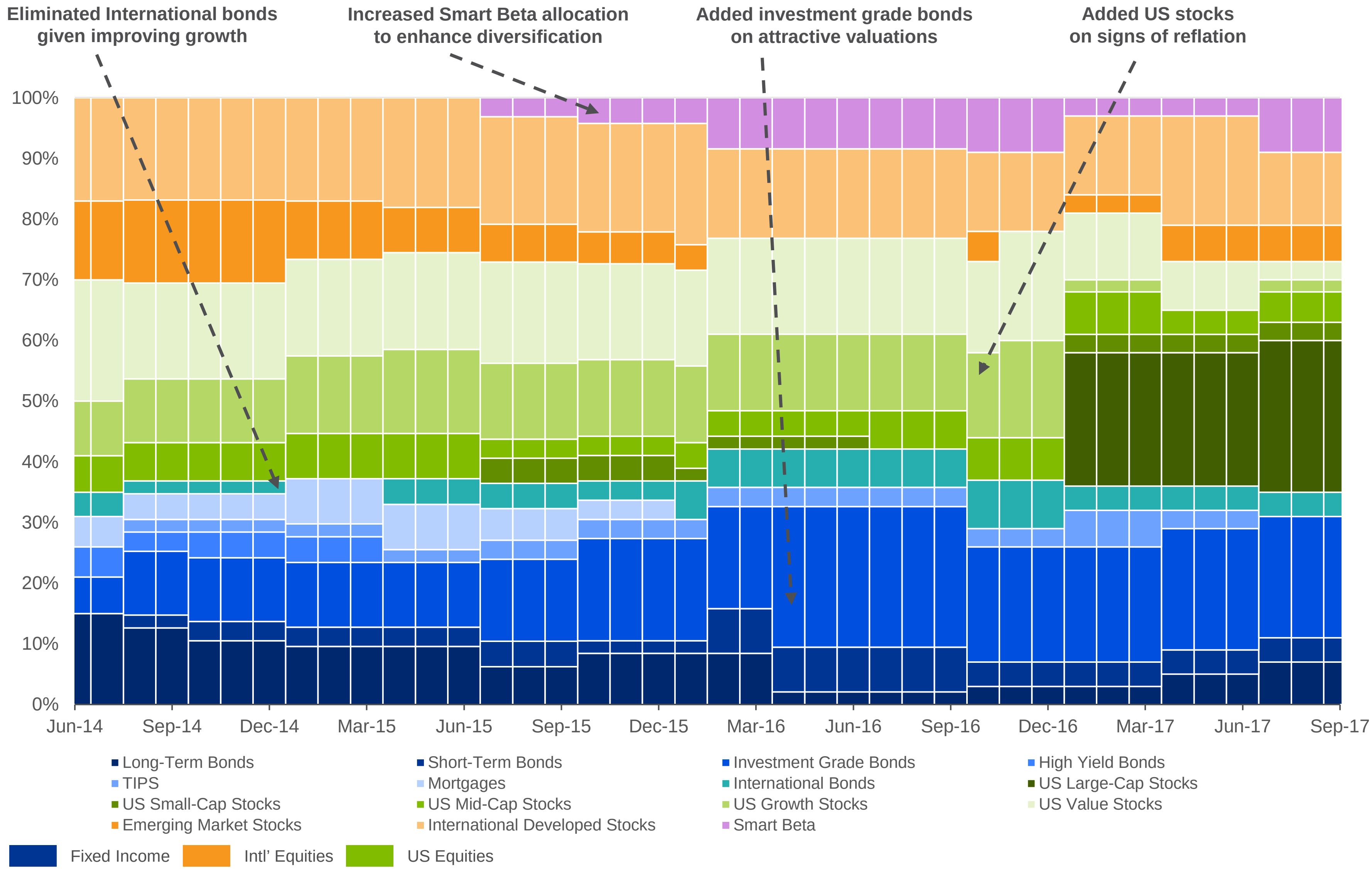
Model Portfolio Solutions - Global Asset Class Views

Equities vs. Fixed Income	**Overweight**	Relative attractive risk premium and economic momentum suggest overweighting equities and underweighting bonds.
U.S. Equities	**Overweight**	Our outlook for forward earnings and the potential for tax reform are driving an overweight to the U.S.
Non-U.S. Developed Equities	**Underweight**	Valuations currently appear attractive on a relative basis, but the region does not look as promising as either Emerging Markets or the U.S. Prefer currency hedged exposure over local currency.
Emerging Market Equities	**Overweight**	Improvement in economic growth, attractive valuations, and fundamental momentum boosts our view on Emerging Market equities. In addition, we believe emerging economies will continue to benefit from global synchronized expansion.
Large Cap Equities	**Neutral**	No strong view on large versus small and mid cap at this time.
Small/Mid Cap Equities	**Neutral**	No strong view on large versus small and mid cap at this time.
Smart Beta	**Overweight**	A strategic (not tactical) stance rooted in the diversification potential of smart beta factors.
U.S. Treasuries	**Underweight**	Monetary policy is continuing to normalize globally, which, along with potential reappearing of rising core inflation in the remainder of the year, has the potential to raise rates across the U.S. Treasury curve.
U.S. Investment Grade Credit	**Overweight**	The search for yield continues globally and, despite recent narrowing, investment grade spreads are currently attractive relative to duration equivalent government bonds.
High Yield Credit	**Overweight**	Although credit spreads have narrowed, high yield offers attractive relative value and carry in the current environment relative to other assets within U.S. fixed income. Plus, credit conditions and liquidity in issuance markets currently appear favorable.
Emerging Market Bonds (USD)	**Overweight**	Despite recent narrowing of spreads, corporate earnings growth currently appears strong and the search for yield continues. However, commodity moves have not been supportive year-to-date and currency volatility is a risk.

Source: BlackRock, as of October 2017. Subject to change.

Flexibility in practice

Target Allocation 60/40 ETF Model Portfolio Historical Allocation Changes



Source: BlackRock As of 30 September 2017.

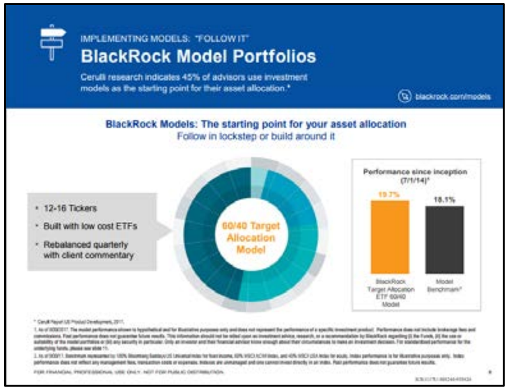
Collateral and Regular Updates to Empower Advisors

Client-Approved Collateral

Fact Sheets
(Approved for client use)

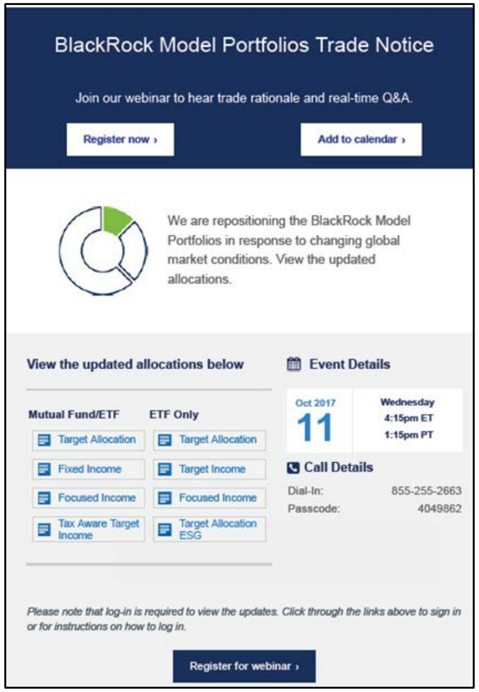
Client Conversation Guide
(Approved for client use)

"Why" Models
(Advisor use only)



Subscribe today to receive

- ✓ **Welcome email**
- ✓ **Trade notices the day of portfolio changes**
- ✓ **Client-approved quarterly updates**
- ✓ **Webinar invites for Q&A with the PM Team**



For more information or additional questions, please contact us

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To explore BlackRock's model portfolios, please visit: www.blackrock.com/models

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The Funds within the model portfolios are distributed by BlackRock Investments, LLC.

Important Notes

Competitive Performance Claim

Slide 4 source: Morningstar, as 12/31/2016. Post-tax pre-liquidation comparison made between the 5-year returns at NAV of iShares S&P domestic equity style box funds and the oldest share class of active open-end mutual funds within Morningstar U.S. domestic equity style box categories available in the U.S. between 1/1/2012 and 12/31/2016 ("Active Style Box Funds"). Returns are calculated after taxes on distributions, including capital gains and dividends, assuming the highest federal tax rate for each type of distribution in effect at the time of the distribution. Overall figure is a weighted average of the percentage of funds that the iShares ETF outperformed in each style box, weighted based on the Active Style Box Fund assets in each style box. Performance may be different for other time periods. Style Box Funds are those categorized by Morningstar as U.S. Large Cap Growth / Blend / Value, U.S. Mid Cap Growth / Blend / Value or U.S. Small Cap Growth / Blend / Value. Past performance is no guarantee of future results.

Low Cost Claim

Slide 4 source: Morningstar, as of 12/31/16. Comparison is between the average Prospectus Net Expense Ratio for the iShares ETFs(0.38%) and the oldest share class of active open-end mutual funds (1.22%) with 10-year track records that were available in the U.S. between 1/1/2007 and 12/31/2016.

Tax Efficient Claim

Slide 4 source: BlackRock, Morningstar as of 12/31/16. Past distributions not indicative of future distributions.