

PREFERRED PORTFOLIO MANAGEMENT
SEPARATELY MANAGED FIXED INCOME ACCOUNTS

BLACKROCK®



BlackRock Fixed Income

BlackRock's role as a leading fixed income manager is built on the investment philosophy of integrating comprehensive risk management with a disciplined investment process. We believe a dedicated credit research team integrated with the overall investment process can add significant value to both investment returns and risk management. Our philosophy is driven by the key considerations of preservation of principal, current income, high liquidity and reduced volatility.

At BlackRock, we have a relentless focus on risk management to help ensure that each portfolio is prepared for changing markets.

Understanding and managing risk is the cornerstone of BlackRock's fixed income investment philosophy. Our size and scale have enabled us to make a major investment in technology, analytics and personnel in an effort to become the industry's leader in risk management. Our investment professionals have the information they need on the risk in the portfolios they manage, not to avoid it, but rather to understand it and capitalize on the opportunities it represents.

Institutions such as pension plans, insurance companies, endowments, charitable foundations, religious organizations, unions, corporations and governments turn to BlackRock to manage their assets. BlackRock also has investment solutions designed for the individual investor—offering a full range of fixed income investment strategies designed to seek a variety of investment and risk management objectives.

OUR SCALE: MORE RESOURCES WORKING TOGETHER FOR YOU

- ▶ **BlackRock** is one of the largest managers of separately managed accounts with \$58.2 billion in AUM.*
- ▶ **BlackRock** is one of the largest municipal bond asset managers with a total AUM of \$114 billion; \$22 billion of which is in separately managed accounts.*
- ▶ **BlackRock** is one of the largest managers of taxable fixed income with a total AUM of \$1.3 trillion; \$11.3 billion of which is in separately managed accounts.*

Separately Managed Accounts

With a separately managed account (SMA), one typically delegates investment discretion to an investment manager, who will manage assets according to the investment style selected. Assets are held in the client's own account, allowing for specific investment needs to be taken into consideration.

* As of December 31, 2012.

Preferred Portfolio Management

Preferred Portfolio Management combines BlackRock's expertise in fixed income and separately managed accounts—offering high net worth investors a consultative, comprehensive approach to help achieve individual investment goals. With Preferred Portfolio Management, a BlackRock personal Portfolio Manager* can partner with your financial professional to recommend an investment strategy tailored to your specific needs, taking into consideration your investment objectives, time horizon, income and liquidity needs, as well as tax and other concerns. Your portfolio will be managed by experienced professionals supported by the global resources of one of the world's leading investment firms.

THE BENEFITS OF PREFERRED PORTFOLIO MANAGEMENT

\$3 MILLION
MINIMUM INVESTMENT

Customized Solutions†

Portfolio Managers can customize portfolio duration, maturity, sector, coupon, credit quality and state specificity to meet clients' unique investment needs.

\$2 MILLION
MINIMUM INVESTMENT

Personalized Service

Portfolio Managers can conduct account analysis and partner with Financial Professionals to recommend client investment strategies, as well as participate in clients' annual in-person portfolio reviews.

\$500 THOUSAND
MINIMUM INVESTMENT

Institutional-Quality Fixed Income Strategies

Access to BlackRock's institutional-quality fixed income strategies that utilize the scale, research and risk management capabilities of the firm to provide clients with a variety of investment solutions.

As a fiduciary, we are committed to acting in your best interest. You can expect a strong commitment to the relationship, including:

- ▶ Risk profiling and investment strategy recommendations
- ▶ Ability to customize your portfolio
- ▶ Ongoing management of your portfolio
- ▶ Quarterly performance reporting
- ▶ Consultations via conference calls, as well as annual in-person meetings to discuss the progress of your portfolio

A Preferred Portfolio Management account with a personal Portfolio Manager generally requires a minimum investment of \$2 million. Accounts of \$3 million or more may also be further customized to address your individual investment goals:

- ▶ Taxable Fixed Income accounts offer customization around credit quality, duration, maturity and sector, in addition to the ability to purchase governments only, or to exclude mortgage backed securities.
- ▶ Municipal Fixed Income accounts offer customization around coupon, credit quality, duration and maturity, in addition to state specificity.

* A Preferred Portfolio Management account with a personal Portfolio Manager generally requires a minimum investment of \$2 million.

† Some customization is available for accounts less than \$3 million. All clients can impose reasonable investment restrictions. Some customization requests may require investment minimums.

MANAGING YOUR PORTFOLIO

Preferred Portfolio Management leverages the stringent risk management and quality control guidelines maintained by BlackRock. Based on your specific situation, your financial professional and BlackRock personal Portfolio Manager* can help you choose a portfolio strategy that aligns with your investment objectives.

Assess Your Personal Goals

- ▶ Determine your 'investment personality.' Are you conservative? Moderate?
- ▶ What is your time horizon? Are these investments planned to fund your retirement? If so, when might that be?
- ▶ Do you need a current income stream from your portfolio?
- ▶ Are the assets in this portfolio all of your investments or only a portion?
- ▶ Do you have any special tax considerations, such as the need to offset gains?

Select an Investment Strategy

Your team will work with you to recommend an investment strategy aligned with your investment objectives and risk tolerance.

Tailor Your Portfolio

You may decide to apply sector or security restrictions. Clients holding portfolios of \$3 million or more may also elect additional customization.

- ▶ Taxable Fixed Income accounts offer customization around credit quality, duration, maturity and sector, in addition to the ability to purchase governments only, or to exclude mortgage backed securities.
- ▶ Municipal Fixed Income accounts offer customization around coupon, credit quality, duration and maturity, in addition to state specificity.

Manage Your Portfolio

BlackRock manages your account in accordance with the investment strategy you have selected, including any investment restrictions you have specified.

Monitor Your Progress

You can expect:

- ▶ Quarterly reviews via conference calls.
- ▶ Annual in-person meetings with your personal Portfolio Manager.
- ▶ Adjustments to your portfolio to keep your investments aligned with the strategy you have selected.

At BlackRock, we believe our standing as the world's largest investment manager is secondary to our reputation for putting our clients' interests first. We are committed to managing your investments with the care and diligence they deserve.

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BlackRock Fixed Income Investment Strategies

Whether you are interested in capital preservation, a steady source of income, or wish to diversify your investments, we believe that fixed income should be one of the main pillars of your portfolio.

Investment Strategy	Investment Goal	Expected Duration
Taxable Fixed Income		
Fundamental Core	These investment strategies seek total return derived from coupon interest income and capital appreciation. They invest primarily in government securities, investment grade corporate bonds, and asset-backed and mortgage-backed securities.	These portfolios are expected to have durations of three to seven years.
Intermediate		These portfolios are expected to have durations of two to five years.
Short-Term	This investment strategy seeks total return derived from coupon interest income and capital appreciation. It invests primarily in government securities, investment grade corporate bonds and asset-backed securities.	These portfolios are expected to have durations of one to three years.
Municipal Fixed Income		
Long-Term	These investment strategies seek total return derived primarily from coupon interest income, and secondarily, capital appreciation. They invest in investment grade municipal securities.	These portfolios are expected to have durations of six to ten years.
Intermediate		These portfolios are expected to have durations of four to eight years.
Short-Term		These portfolios are expected to have durations of one to four years.

Note: Account minimums apply. Not all BlackRock fixed income strategies are available at all partner firms. Please ask your financial professional for details. Investing involves risk.

BlackRock does not provide tax, accounting or legal advice and clients are advised to consult qualified professionals for such needs. Not all BlackRock fixed income strategies are available at all partner firms. Please ask your financial professional for details.

***Investing involves risk.** The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. There may be less information available on the financial condition of issuers of municipal securities than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. A portion of the income may be taxable. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.*

FOR MORE INFORMATION: www.blackrock.com

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