

**BlackRock Short-Term Taxable  
Fixed Income SMA Capabilities**

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**Investing involves risk.** Certain information contained herein has been obtained from various third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. Any information expressed herein is historical and subject to change, and is not a guarantee or an indication of future results. The information expressed herein does not constitute an offer to buy or sell any securities or derivative instruments. Please see **Important Notes** at the end of the presentation for more information.

# Introduction to BlackRock

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# BlackRock: Built for these times

Many investors are asking:  
“How do I achieve the outcomes I need?”

BlackRock’s capabilities are built around our clients’ greatest needs:

## Client focus

- ▶ We partner with clients and their advisers to build portfolios that reflect their objectives, risk tolerance and time horizons

## Broader capabilities to help improve outcomes

- ▶ We provide an industry-leading breadth of investment solutions across active management, quantitative, and index strategies, including our iShares® funds
- ▶ A dedicated group – Client Solutions – creates customized, multi-asset solutions to address specialized needs

## Global insights to uncover opportunities

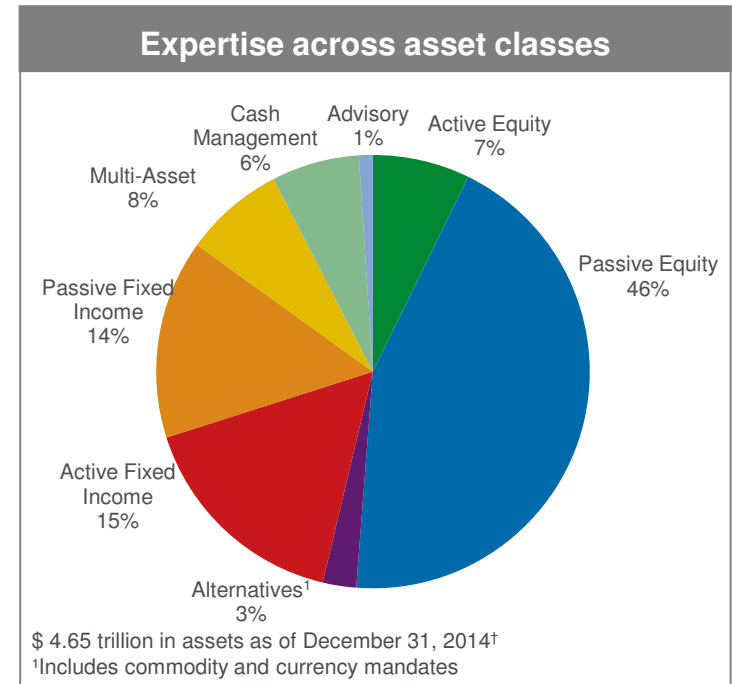
- ▶ Investment teams in over 30\* countries share their best thinking to gain the insights that can help change outcomes

## Culture of risk management

- ▶ BlackRock’s risk management team works with portfolio managers while remaining truly independent, so their recommendations are unbiased and portfolio managers can make more informed decisions

\*As of December 31, 2014

†AUM in USD as of December 31, 2014



# Significant presence in all major markets

## Our global footprint enables a deep understanding of local markets/ industries/ regulatory dynamics

- ▶ 28 primary investment centers worldwide facilitate access to major capital markets
- ▶ Global trading capabilities enable us to source assets and negotiate favorable terms for investors
- ▶ Valuable insights through access to management and perspective as an investor across the capital structure in thousands of companies worldwide

## Investment insight gained at a local level and shared globally maximizes investment opportunities for our clients

- ▶ Investment platform promotes knowledge sharing across the firm; daily calls connect investment teams, linking the insights from up to seven trading desks and over 100 portfolio teams across asset classes and geographies
- ▶ Over 12,000 employees, including more than 1,900 investment professionals, leverage the firm's global resources
- ▶ More than 65 offices in over 30 countries provide local expertise and global experience to our diverse client base

### North America

- Bloomfield Hills
- Boston\*
- Charlotte
- Chicago
- Durham
- Montreal
- New York\*
- Newport Beach\*
- Philadelphia\*
- Pittsburgh\*
- Princeton\*
- San Francisco\*
- Seattle\*
- Toronto
- Wilmington\*

### Latin America

- Bogota
- Mexico City
- Santiago
- São Paulo\*

### UK, Continental Europe & Middle East

- Amsterdam
- Bratislava
- Brussels
- Cape Towne
- Copenhagen
- Douglas
- Dubai
- Dublin\*
- Edinburgh\*
- Frankfurt
- Geneva
- Jersey
- London\*
- Madrid
- Milan
- Munich\*
- Paris
- Peterborough
- Stockholm
- Vienna
- Warsaw
- Zurich\*

### Asia

- Beijing
- Gurgaon
- Hong Kong\*
- Seoul\*
- Singapore\*
- Taipei\*
- Tokyo\*

### Australia

- Brisbane
- Melbourne\*
- Sydney\*

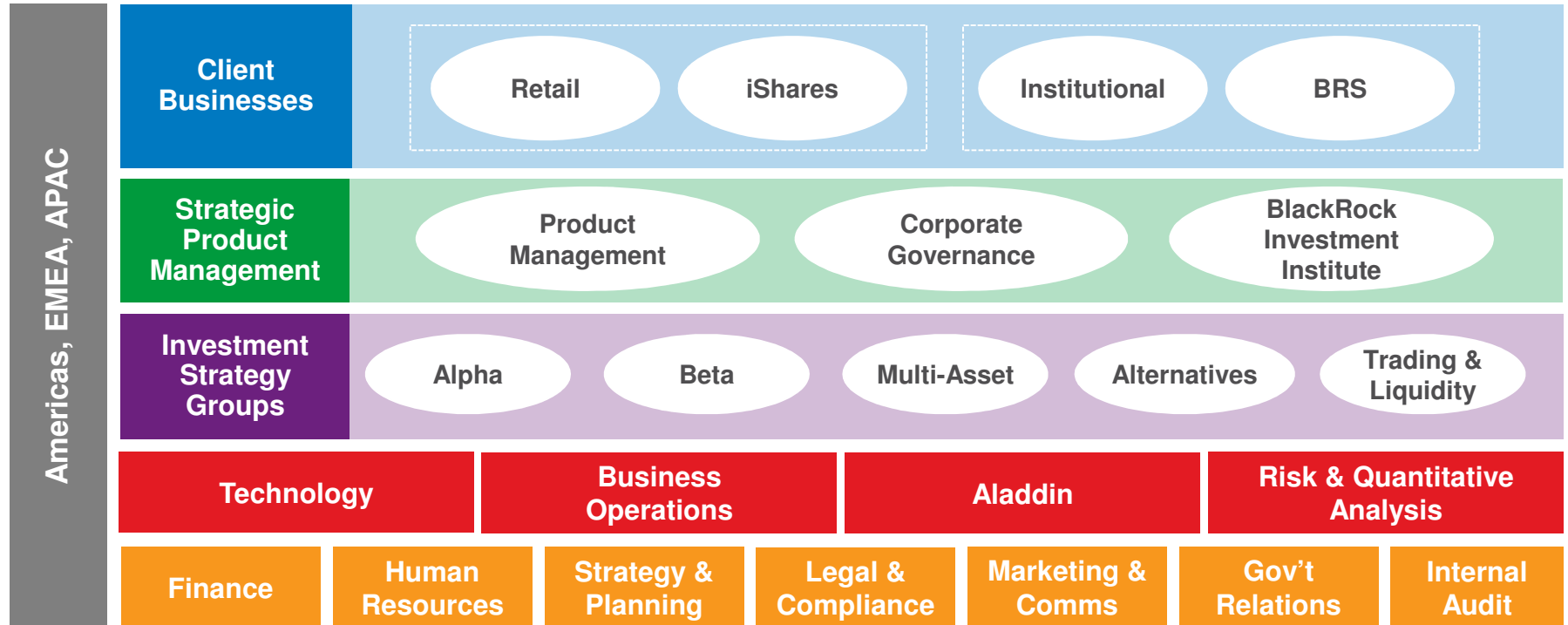
Additional regional offices located throughout the continental US

\* BlackRock Primary Investment Center  
Information for the year of 2015 and subject to change.

# BlackRock Organization

## BLACKROCK®

### Regions



For Illustrative Purposes Only

# Extensive resources dedicated to fixed income

## Culture of teamwork and information-sharing captures the power of BlackRock's global resources to generate alpha across fixed income portfolios

- ▶ Global platform driven by senior leadership
- ▶ Team structure facilitates sharing of local insights and ideas to benefit client portfolios

## Wide breadth of strategies, styles, and capabilities

- ▶ Broad product range across mutual funds, ETFs, commingled funds, and separate accounts

## Comprehensive global market coverage on a single platform

- ▶ Daily communication among fixed income, liquidity, equity, real estate, and credit research teams worldwide
- ▶ Technology platform facilitates sharing of ideas

## Risk management embedded in BlackRock's culture

- ▶ Risk analytics and technology internally developed since firm's inception
- ▶ BlackRock Solutions® (BRS) and Risk & Quantitative Analysis (RQA) work together to support the fixed income platform
- ▶ RQA partners with investment teams to analyze portfolio risks and improve investment process

Fixed Income Long-Only: \$1.39 trillion*	
Index	Total Return (Enhanced and Active)
<b>Institutional Indexing</b> Aggregate Global Government Government/Credit Credit Emerging Markets MBS/CMBS/ABS Inflation-Linked International	<b>US Bond</b> Multi-Sector (Core Strategies/Intermediate Duration) Investment Grade Corp/Long Duration Mortgages Short Duration <b>Financial Institutions</b> On Balance Sheet Crossover Strategic Cash Stable Value <b>Leveraged Finance</b> High Yield/Distressed Debt Bank Loan Distressed Debt <b>Global/Non-Dollar</b> Global Bond (Aggregate, Credit) Local Currency (AUD, CAD, EUR, GBP, JPY) Inflation-Linked Liability-Driven Emerging Market Debt <b>Municipals</b> Total Return Income Liability-Matching Crossover Strategic Cash
<b>iShares</b>	
<b>Long/Short</b>	
Asian Credit Capital Structure Diversified Relative Value Fixed Income Global Opportunities Global Credit Global Diversified Alpha Global Rates	

\*AUM in USD as of December 31, 2014

# Investment Process

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# BlackRock's Fixed Income Investment Philosophy

BlackRock's role as a leading Fixed Income manager is built upon an investment philosophy to seamlessly integrate cutting-edge risk management with a disciplined investment process. BlackRock believes in an active approach to Fixed Income portfolio management that leverages internal research to formulate our strategies

We seek to add value through sector rotation and security selection in investment grade Fixed Income securities. Macro decisions are used to complement relative value strategies. We believe a dedicated credit research team integrated with the overall investment process can add significant value to both investment returns and risk management

Key considerations guiding this philosophy are:

- ▶ Preservation of principal
- ▶ Current income
- ▶ High liquidity
- ▶ Reduced volatility

# BlackRock Fixed Income Investment Philosophy and Process

## Collaborative process combining top-down and bottom-up investment insights

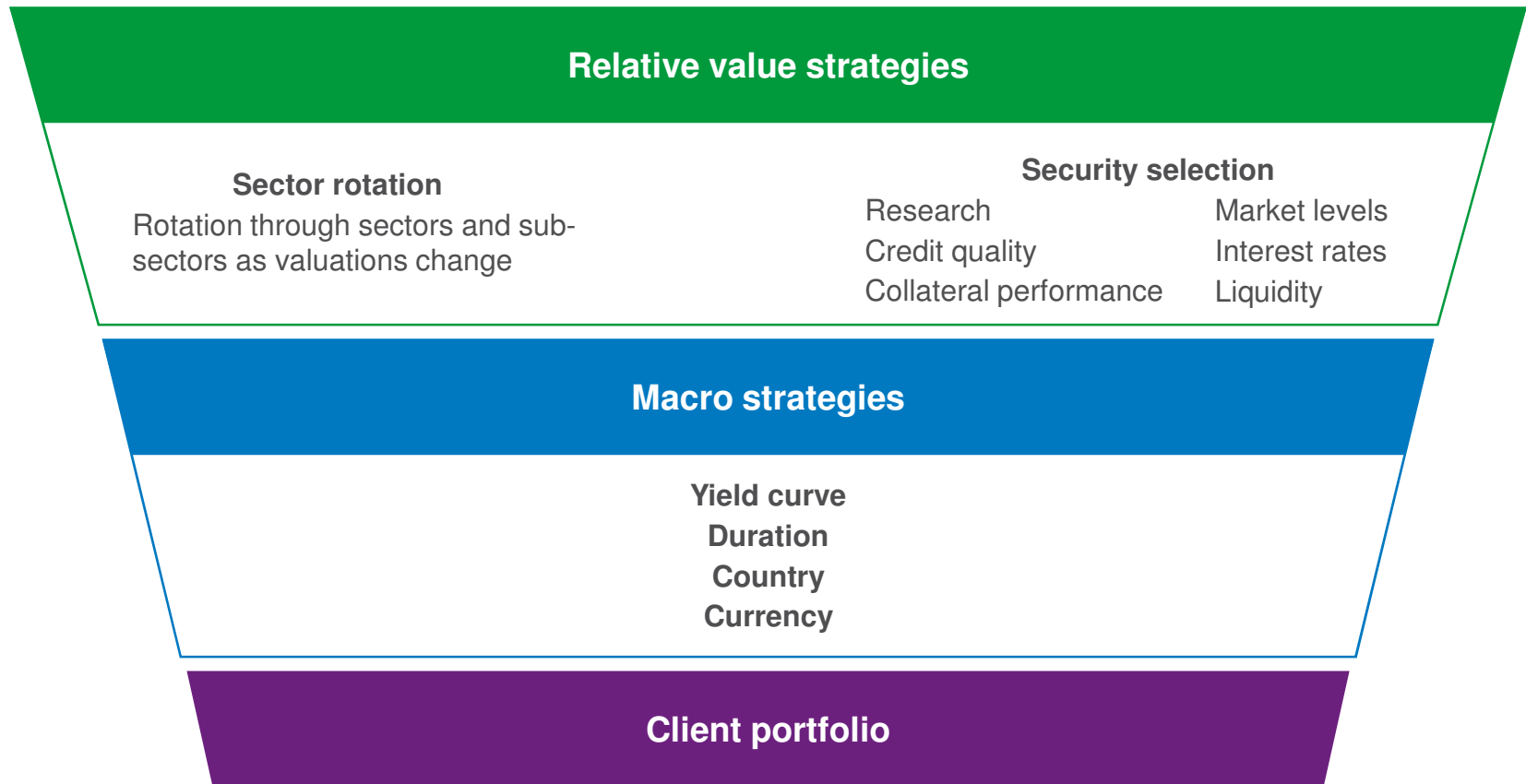
- ▶ Rick Rieder as Chief Investment Officer of fixed income, Fundamental portfolios, leads the investment strategy meetings
- ▶ Investment teams are responsible for research, analysis, security selection, and execution
- ▶ Portfolio teams are each independently accountable for asset allocation and portfolio construction



# BlackRock Emphasizes Fundamental Relative Value

BlackRock's investment philosophy emphasizes fundamental relative value through sector rotation and security selection

Macro decisions are viewed as another overlay to complement relative value strategies



# Adding Value Through Sector and Sub-sector Rotation

## Investment strategy meetings inform investment team and portfolio team decisions for bottom-up sector rotation and security selection

- ▶ Value is added primarily through sector and sub-sector rotation
  - Proprietary, cutting-edge analytics help determine which sectors offer the most attractive relative value
  - BlackRock's relative value approach encompasses a broad range of sub-sectors within the corporate and mortgage sectors
- ▶ Rigorous quantitative analysis is used to give insight into each individual security
  - All securities are evaluated within our risk management framework
    - Fundamental credit research
    - Quantitative risk analytics

Blackrock Private Investors Actively Participates in the Following Sectors and Sub-sectors					
Sectors		US Treasury	Agency	Corporates	Securitized Products
		Treasury Inflation Protected Securities (TIPS)	Benchmark / reference notes	Financial	FNMA / FHLMC (MBS)
		Zero coupon	Callable / non-callable	Industrial	GNMA (MBS)
		On-the-run issues	Unsubordinated	Utility	30-year loan pool (MBS)
		Off-the-run Issues	Foreign / supranational	Ratings category	15-year loan pool (MBS)
				High / low beta	Seasoned MBS
				Non-US	Collateral type and coupon rate
					Asset Backed Securities (ABS)

Investing involves risk. The investment process discussed herein is based on the current process for selecting portfolio investments and is subject to change.

# Why Sector Selection is Important

Performance of various Fixed Income sectors varies frequently. Selecting what sectors to overweight and underweight is a vital step in the portfolio construction process

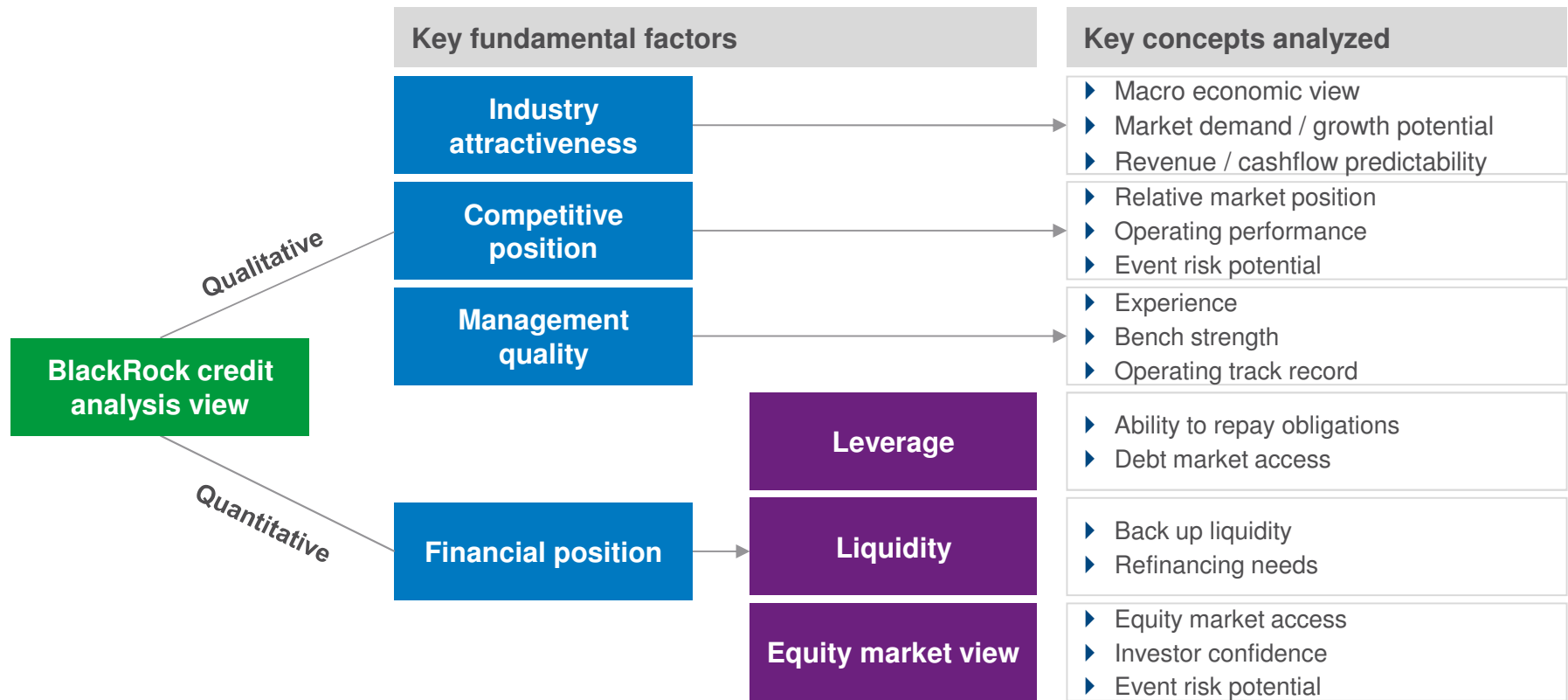
Annual Total Returns for Taxable Fixed Income Indices (2005–2014)									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cash Equivalents 3.1%	Mortgage Backed 5.3%	US Treasury 9.1%	US Treasury 14.0%	Asset Backed Securities 24.7%	Corporate 9.5%	US Treasury 9.8%	Corporate 10.4%	Cash Equivalent 0.1%	Corporate 7.5%
US Treasury 2.8%	Cash Equivalents 4.9%	Agencies 8.0%	Agencies 8.5%	Corporate 19.8%	US Treasury 5.9%	Agencies 9.0%	Asset Backed Securities 3.7%	Asset Backed Securities -0.3%	Mortgage Backed 6.1%
Mortgage Backed 2.6%	Asset Backed Securities 4.7%	Mortgage Backed 7.0%	Mortgage Backed 8.3%	Mortgage Backed 5.8%	Asset Backed Securities 5.9%	Corporate 7.5%	Mortgage Backed 2.6%	Mortgage Backed -1.4%	US Treasury 6.0%
Agencies 2.6%	Agencies 4.3%	Cash Equivalents 5.0%	Cash Equivalents 2.1%	Agencies 2.5%	Mortgage Backed 5.7%	Mortgage Backed 6.1%	US Treasury 2.2%	Corporate -1.5%	Agencies 4.9%
Asset Backed Securities 2.1%	Corporate 4.4%	Corporate 4.6%	Corporate -6.8%	Cash Equivalents 0.2%	Agencies 5.0%	Asset Backed Securities 5.1%	Agencies 2.0%	Agencies -2.6%	Asset Backed Securities 1.2%
Corporate 2.0%	US Treasury 3.5%	Asset Backed Securities 2.2%	Asset Backed Securities -12.7%	US Treasury -3.7%	Cash Equivalent 0.1%	Cash Equivalent 0.1%	Cash Equivalent 0.1%	US Treasury -3.4%	Cash Equivalent 0.04%

Source: Informa, PSN Enterprise. Past performance does not guarantee or indicate future results. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment. Investing involves risk. Asset class returns are represented by the returns of indexes and are ranked on an annual total return basis. It is not possible to invest directly in an index. **Cash Equivalents** is represented by the BofA Merrill Lynch 3-Month Treasury Bill Index; **Mortgage Backed** is represented by the BofA Merrill Lynch Mortgage Master index; **Agencies** is represented by Barclays Government Related Index; **US Treasury** is represented by the BofA Merrill Lynch US Treasury Master Index; **Corporate Bond** is represented by the BofA Merrill Lynch US Corporate Master Index; **Asset Backed Securities** is represented by the Barclays US ABS index. For descriptions of the indexes, please see **Important Notes** at the end of the presentation.

# Credit Risk

Bonds may lose value if their credit ratings are downgraded. Professional money managers can evaluate a bond's risk / reward attributes using fundamental credit research and market conditions

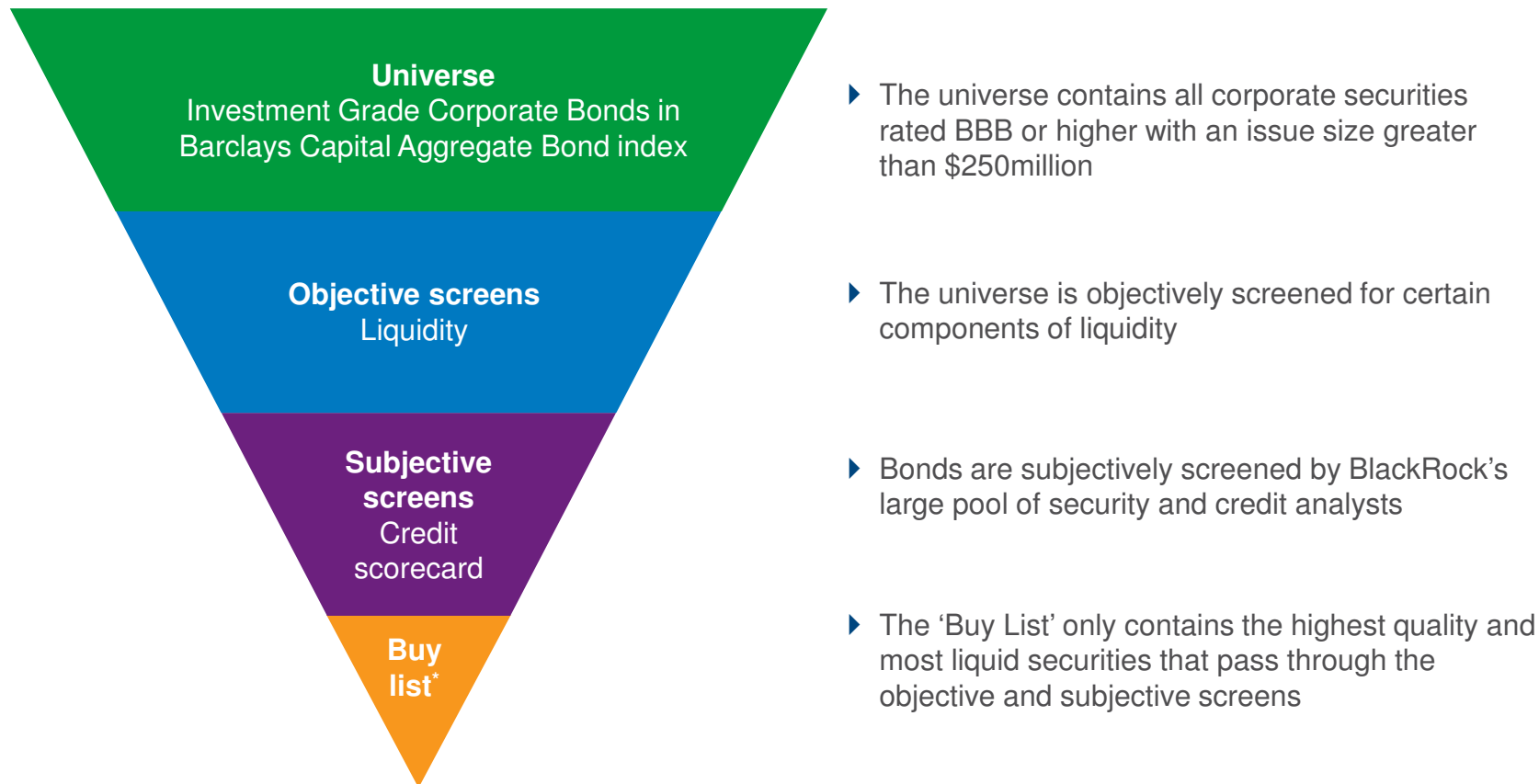
BlackRock has developed an in-house credit analysis process to analyze a security for its credit risk based on a diverse array of key qualitative and quantitative concepts



Investing involves risk. The investment process discussed herein is based on the current process for selecting portfolio investments and is subject to change.

# Corporate Securities Selection Process

Security selection is optimized by leveraging the shared structure of BlackRock's Fixed Income sector and quantitative analysts



\*BlackRock portfolios may hold securities not included in the "Buy List". **Investing involves risk.** The investment process discussed herein is based on the current process for selecting portfolio investments and is subject to change.

# Final Trade Execution

Aggressive buy / sell negotiation and efficient execution add value in the over-the-counter bond market

## Four steps towards buying or selling bonds

I

Portfolio Managers creates order to buy / sell

II

Thorough compliance check conducted

- ▶ Internal policy controls
- ▶ Client-imposed constraints

III

Traders check prices offered by dealers and combine like orders for efficient block trading

IV

Different options evaluated and communicated to PM

Trade executed at best available price

## Benefits of trade execution at BlackRock

- ▶ Buying at an institutional level eliminates layers of expenses such as trader costs, sales person costs and inventory costs
- ▶ Dominant market presence and contact with a vast network of dealers helps seek best prices for clients
- ▶ Leverage expertise of full-time traders focused on individual sectors



## Investment Team

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# Investment Team

## **Michael Heilbronn**

### **Director**

Michael Heilbronn, Director, is a member of BlackRock's Fixed Income Separately Managed Account (SMA) Team. In this capacity, he is responsible for managing mid-sized institutional taxable bond portfolios. Additionally, Mr. Heilbronn is part of a liaison team that coordinates the SMA Fixed Income portfolio strategy and credit research with the rest of the firm. He works closely with each group to facilitate idea sharing and trade ideas across portfolios.

Mr. Heilbronn's service with the firm dates back to 1998, including his years with Merrill Lynch Investment Managers (MLIM), which merged with BlackRock in 2006. At MLIM, he was a Product Specialist for the firm's entire range of Fixed Income portfolios, and also served as an Associate Asset Management Advisor. Mr. Heilbronn joined MLIM in 2000, after working with the mutual funds marketing team at the Merrill Lynch Private Client Group for two years. Mr. Heilbronn earned a BS degree from the Pennsylvania State University in 1998.

## **Matthew Marra**

### **Managing Director and Portfolio Manager**

Matthew Marra, Managing Director, is a member of the Taxable Fixed Income Product Strategist Team within Americas Fixed Income. He is a Senior Product Strategist providing a link between the investment teams and client groups.

Mr. Marra joined BlackRock's Fixed Income team in 1997. He began his career at BlackRock in 1995 as an analyst in the Portfolio Analytics Group. Prior to his current role, Mr. Marra was a portfolio manager in the Multi-Sector & Mortgages Group within BlackRock's Fundamental Fixed Income Portfolio Management Group. Mr. Marra has served on the Barclays Index Advisory Council since 2001. He earned a BA degree in economics from Trinity College in 1995.

## **Thomas Musmanno**

### **Managing Director and Portfolio Manager**

Thomas Musmanno, CFA, Managing Director, is a member of the Multi-sector and Mortgages Group within BlackRock Fundamental Fixed Income. He is a Portfolio Manager on the Short Duration Portfolio Team.

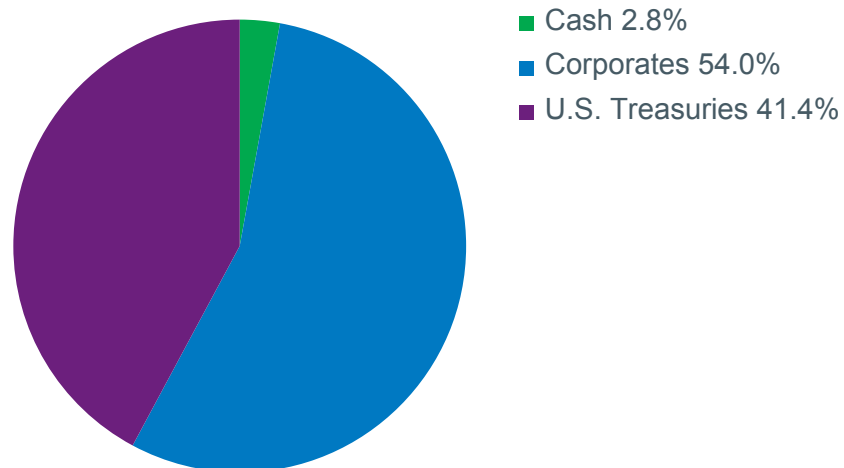
Mr. Musmanno's service with the firm dates back to 1991, including his years with Merrill Lynch Investment Managers (MLIM), which merged with BlackRock in 2006. At MLIM, he was a Fixed Income and money market Portfolio Manager. Mr. Musmanno joined MLIM in 1991 as an Analyst and held a variety of positions, including Fixed Income research analyst in trust accounting in Merrill Lynch's Private Client Group. Mr. Musmanno earned a BS degree in finance in 1991 from Siena College and an MBA degree in finance from St. John's University in 1993.

## Target Portfolio Details

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# Target Portfolio Data - Short-Term Taxable Fixed Income

## Target Portfolio Sector Allocation as of December 31, 2014



	Short-Term Taxable Fixed Income	Benchmark
Average Duration	1.9 years	1.9 years
Average Maturity	1.9 years	2.0 years
Average Yield to Maturity	1.03%	0.89%

Data as of 12/31/14. Indexes are unmanaged and it is not possible to invest in an index. Target portfolio data based on current strategy for a fully discretionary, unconstrained account and is not the result of actual trading. Actual portfolios may differ as a result of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations. The **Barclays 1-3 Year Government/Credit Index** is an index consisting of Treasury or government agency securities and investment grade corporate debt securities with maturities of one to three years. It is unmanaged and unavailable for investment.

# Short-Term Taxable Fixed Income Performance

## Quarterly Performance (% returns, not annualized for less than one year)

	Year to date	3/31/14	6/30/14	9/30/14	12/31/14
Short-Term Taxable Fixed Income Composite (Net)	-0.4	0.0	0.1	-0.3	-0.1
Short-Term Taxable Fixed Income Composite (Gross)	0.9	0.3	0.4	0.0	0.2
Benchmark*	0.8	0.2	0.3	0.0	0.2

## Average annual total returns (%) through 12/31/14

	1-Year	3-Year	5-Year	10-Year	Since Inception (1/1/04)
Short-Term Taxable Fixed Income Composite (Net)	-0.4	-0.2	0.2	1.4	1.2
Short-Term Taxable Fixed Income Composite (Gross)	0.9	1.1	1.4	2.6	2.5
Benchmark*	0.8	0.9	1.4	2.8	2.7

## Historical performance (% yearly total returns)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Short-Term Taxable Fixed Income Composite (Net)	-0.4	-0.7	0.6	0.1	1.3	1.2	2.2	5.5	3.1	0.9
Short-Term Taxable Fixed Income Composite (Gross)	0.9	0.6	1.8	1.3	2.6	2.5	3.5	6.8	4.4	2.2
Benchmark*	0.8	0.6	1.3	1.6	2.7	2.6	5.8	7.2	4.1	1.7

\*Currently (since 1/1/12): Barclays 1-3 Year Government/Credit Index. From 10/1/04 – 12/31/11: Barclays Custom Short-Term Taxable Fixed Income Index Prior to 9/30/04: BofA Merrill Lynch U.S. Corporate & Government, 1-3 Years, A-rated and Above Index.

Data as of 12/31/14. **Investing involves risk.** Past performance does not guarantee or indicate future results. Please see **Important Notes** for additional performance and fees, benchmark and composite information.

# Important Notes

**Investing involves risk. Past performance does not guarantee or indicate future results.** The performance information shown reflects the performance of composites of accounts (or portions of accounts) that does not necessarily reflect the performance that any particular account investing in the same or similar securities may have had during the period. Actual account performance is likely to differ from the composite performance shown for a variety of reasons, including but not limited to: Differences in market conditions, portfolio turnover and in the number, types, availability and diversity of securities that can be purchased; economies of scale, regulations and other factors applicable to the management of large separate accounts and mutual funds; client-imposed investment restrictions; the timing of client investments and withdrawals; the deduction of taxes; tax considerations; and other factors.

**Investor Suitability Fixed Income** – The value of the portfolio will fluctuate based on the value of the underlying securities. 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. Mortgage-Backed Securities (MBS) – MBS are subject to prepayment risk and may be sensitive to changes in prevailing interest rates. When interest rates rise, the value of Fixed Income securities generally declines. Collateralized mortgage obligation (CMO) – CMO's yield and average life will fluctuate depending of the actual rate at which mortgage holders prepay the mortgages underlying the CMO and changes in current interest rates.

Composite and benchmark / index performance results reflect realized and unrealized appreciation and the reinvestment of dividends, interest, and / or capital gains. Taxes have not been deducted. Gross composite returns do not reflect actual performance because they do not reflect the deduction of any fees or expenses. For all Fixed Income composites, net returns reflect the deduction of the maximum annual Fixed Income fee of 1.25%. Fees are deducted quarterly. Due to the compounding effect of these fees, annual net composite returns may be lower than stated gross returns less maximum fee. Indexes are not managed and their returns do not reflect transaction costs or the deduction of fees. It is not possible to invest directly in an index.

The firm's performance results are the product of the efforts of numerous personnel and the firm-wide global resources made available to them. The personnel and resources contributing to the firm's performance results include portfolio managers and their staff, research analysts, risk management professionals, in-house trading professionals, investment supervisory personnel, and the firm's proprietary investment processes, integrated global research systems and access to third-party research sources.

During the periods shown, changes may have occurred in the investment team responsible, and / or the investment process utilized, for managing client accounts. Additional changes to the investment team and / or investment process may occur in the future.

**For Short-term Taxable Fixed Income:** The performance results from May 1, 2009 to the end of the most recent calendar quarter represent the composite of all fully discretionary, unconstrained Separately Managed Account (SMA) program accounts managed in this style by the firm for at least two months. The performance results from January 1, 2005–April 30, 2009 represent the composite of all fully discretionary, unconstrained SMA program accounts managed in this style by the firm for at least one month. The performance results prior to January 1, 2005 represent the composite of all fully discretionary, unconstrained SMA program accounts managed in this style by the firm for at least one quarter. This strategy previously was named "US Domestic Low Duration Fixed Income". **The BofA Merrill Lynch US Corporate and Government, 1–3 Years, A-rated and Above Index** is a sub-index of BofA Merrill Lynch US Corporate and Government Master Index and tracks the performance of investment grade government and corporate securities with a maturity of between one and three years, rated A and Above. The BofA Merrill Lynch US Corporate and Government Master Index tracks performance of US dollar-denominated investment grade Government and Corporate public debt issued in the US domestic bond market, excluding mortgage pass-through, asset-backed and tax-exempt municipal securities. **The Barclays Custom Short-term Taxable Fixed Income Index** is a sub-set of the Barclays Capital US Gov / Credit 1–3 year Index, an index of bonds covering the US dollar denominated, investment grade, fixed-rate, 1–3 year Government and Corporate taxable bond market, that excludes the following Fixed Income asset classes and / or security types: BBB rated bonds, Asset-Backed Securities, Commercial Mortgage-Backed Securities, Collateralized Mortgage Obligations, Adjustable Rate Mortgage Securities, Callable Securities, Local Authorities, Sovereign Debt, Supranational Debt, Series 144a Securities, Zero Coupon Bonds, Foreign Agencies, and Capital Securities. **The Barclays 1–3 Year Government / Credit Index** is an index consisting of Treasury or government agency securities and investment grade corporate debt securities with maturities of one to three years. It is unmanaged and unavailable for investment.

## Important Notes (Cont'd)

The **BofA Merrill Lynch Mortgage Master Index** tracks the performance of US dollar denominated 30-year, 15-year and balloon pass-through mortgage securities having at least \$150mn outstanding per generic production year (defined as the aggregation of all mortgage pools having a common issuer, type, coupon and year of issue), excluding GNMA II, mobile home, graduated payment and ¼ coupon mortgages as well as Collateralized Mortgage Obligations (CMOs), Interest Only securities (IOs) and Principal Only securities (POs). The index is rebalanced monthly at which time issues that no longer meet the criteria are dropped from the index. The **BofA Merrill Lynch AAA Agency Index** tracks the performance of US dollar-denominated public debt of US agencies issued in the US domestic bond market, having at least one year remaining to maturity, a fixed coupon schedule and a minimum amount outstanding of \$150mn, excluding mortgage pass through securities and agency label Collateralized Mortgage Obligations (CMOs). The index is rebalanced monthly at which time issues that no longer meet the criteria are dropped from the index. The **BofA Merrill Lynch US Treasury Master Index** tracks the performance of the direct sovereign debt of the US government having at least one year remaining term to maturity and a minimum amount outstanding of \$1bn, excluding US Treasury bills, inflation-linked securities, and zero coupon bonds. The index is rebalanced monthly at which time issues that no longer meet the criteria are dropped from the index. The **Merrill Lynch 3-month US Treasury Bill Index** is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into a newly selected issue. The issue selected at each month-end re-balancing is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month-end) date. While the index will often hold the Treasury Bill issued at the most recent or prior 3-month auction, it is also possible for a seasoned 6-month or 1 Year Bill to be selected. The **BofA Merrill Lynch US Corporate Master Index** tracks the performance of US dollar-denominated investment grade corporate public debt issued in the US domestic bond market having at least one year remaining to maturity, a fixed coupon schedule and a minimum amount outstanding of \$150mn, All non-corporate debt (including foreign governments and supranationals) is excluded from the index. 144a issues are not included in the index until they are exchanged for registered securities. The index is rebalanced monthly at which time issues that no longer meet the criteria are dropped from the index. The **Barclays Capital US ABS Index** is composed of credit card, auto and home equity loans. All securities have an average life of at least one year.

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# Historical Data: BlackRock Short-term Taxable Fixed Income SMA Composite

Calendar Year	Pure Gross of Fee Composite Return (%)	Net of Fee Composite Return (%)	Benchmark Return (%)	Number of Portfolios	Composite Dispersion (%)	Composite 3-Year Annualized Standard Deviation (%)*	Benchmark 3-Year Annualized Standard Deviation (%)*	Total Assets at End of Period (US\$m)	Percentage of Firm Assets	Total Firm Assets (US\$m)
2005	2.22	0.95	1.70	127	0.21	N/A	N/A	183	*	*
2006	4.41	3.12	4.20	110	0.09	N/A	N/A	184	*	*
2007	6.79	5.46	7.19	93	0.25	1.08	1.34	155	*	*
2008	3.45	2.17	5.82	82	1.56	2.06	1.86	142	*	*
2009	2.52	1.25	2.63	95	0.32	2.16	1.96	160	*	*
2010	2.56	1.28	2.68	111	0.14	2.06	1.83	194	<1	3,521,885
2011	1.32	0.06	1.58	121	0.04	0.93	0.96	165	<1	3,495,786
2012	1.82	0.56	1.26	107	0.06	0.68	0.72	149	<1	3,775,033
2013	0.55	-0.71	0.64	119	0.09	0.53	0.64	211	<1	4,325,396
2014	0.9	-0.36	0.77	116	0.10	0.61	0.33	227	<1	4,651,895

Past performance does not indicate or guarantee future results.

Performance results presented for periods prior to 26 September 2006 occurred while members of the portfolio management team were affiliated with another investment advisor ("Prior Firm"). Such members of the portfolio management team were responsible for investment decisions at the Prior Firm and the decision making process has remained intact and independent within the firm. See Note 10.

Data shown may be subject to revisions from time to time based on availability of new information. Any such revisions are not material. \*N/A – 36 months of data not available for that period

#### Notes:

- For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "firm" refers to the investment adviser and national trust bank subsidiaries of BlackRock, Inc., located globally, with the exception of BlackRock Kelso Capital Advisors, LLC. This definition excludes: i) BlackRock, Inc. subsidiaries that do not provide investment advisory or management services, and ii) the Absolute Return Strategies (funds-of-hedge-funds) business unit under the "BlackRock Alternative Advisers" platform.
- BlackRock claims compliance with the GIPS standards and has prepared and presented this report in compliance with the GIPS standards. BlackRock has been independently verified for the periods 1 January 1993 through 31 December 2012. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The firm is verified annually by Deloitte & Touche LLP.
- Portfolio returns are calculated monthly, using the Modified Dietz method. Trade date accounting has been used since the inception of the composite. The returns are expressed in US dollars and are asset-weighted since inception.
- The benchmark index shown currently (since 1/1/12): Barclays 1-3 Year Government/Credit Index. From 10/1/04 – 12/31/11: Barclays Custom Short-Term Taxable Fixed Income Index. Prior to 9/30/04: BofA Merrill Lynch U.S. Corporate & Government, 1-3 Years, A-rated and Above Index.
- The dispersion of annual returns is measured by the equal weighted standard deviation of portfolio returns represented within the Composite for the full year. For composites containing only one account, a measure of dispersion is not meaningful unless the composite contains more than one account for each of the presented periods.
- Percentage of Firm Assets are rounded to the nearest whole percent. No non-fee paying assets have been included in the Composite.
- There have been no alterations of the composite due to changes in personnel or other reasons.
- Futures and options may not be used in the portfolio to create leverage or for any other reason.
- Gross of fee performance results are presented before management and custodial fees and net of broker fees, transaction costs, and withholding taxes (if applicable). The wrap fee covers the firm's management services and transaction costs. Net returns are calculated by subtracting the highest applicable wrap fee (1.25% on an annual basis, or 0.3125% quarterly) on a quarterly basis from the gross Composite quarterly return.
- A complete list and description of all composites maintained by BlackRock and the related performance results are available upon request. Additional information regarding policies for calculating and reporting returns is also available upon request.

**BlackRock Short-term Taxable Fixed Income SMA Composite:** This investment strategy seeks total return derived from coupon interest and capital appreciation. It invests primarily in government securities, investment grade corporate bonds and asset-backed securities. It also may invest in mutual funds and other pooled investment vehicles, which may pay fees and expenses to BlackRock that are in addition to the fees payable to BlackRock for managing the account. These portfolios are expected to have durations of one to three years. An investor selecting this strategy may risk some loss of principal. More detailed information on this strategy is available upon request.

The performance results from 1 May 2009 to the end of the most recent calendar quarter represent the composite of all fully discretionary, unconstrained Separately Managed Account (SMA) program accounts managed in this style by the firm for at least two months. The performance results from 1 January 2005 to 30 April 2009 represent the composite of all fully discretionary, unconstrained SMA program accounts managed in this style by the firm for at least one month. The performance results prior to January 1, 2005 represent the composite of all fully discretionary, unconstrained SMA program accounts managed in this style by the firm for at least one quarter. This strategy previously was named "US Domestic Low Duration Fixed Income".

The creation date of the composite is 31 December 2010. New accounts and accounts that have changed their investment mandate to that of the composite are included in the composite upon the completion of the second full month under management. Closed accounts and accounts that change their investment mandate are included in the composite through the completion of the last full month under management or the last full month under the old strategy.

Performance presented for periods prior to 29 September 2006 occurred while members of the portfolio management team were affiliated with Merrill Lynch Investment Managers, L.P ("Prior Firm"). Such members of the portfolio management team were responsible for investment decisions for SMA program accounts managed in the Short-term Taxable Fixed Income SMA style at the Prior Firm and the decision making process has remained intact and independent within the firm. The performance presented is for those portfolios that were brought over to the firm from the Prior Firm. In firm management's opinion, such performance composite conforms to the GIPS with regard to the portability of investment results, and, as such, all historical performance results from the Prior Firm have been linked to the on-going performance results of the composite. Performance records of the Prior Firm are available upon request.



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