Scale your practice with Model Portfolios

Greg Weiss

Head of Managed Account Business

Michael Gates

Head of Managed Portfolio Solutions

Thursday November 9th, 2017

BLACKROCK®

This information is not personalized investment advice or an investment recommendation by BlackRock, and is intended for use only by a third party investment advisory firm in connection with its management of its own clients' accounts. BlackRock does not have investment discretion over, or place trade orders for, any portfolio or account derived from this information. Performance of any portfolio or account derived from this information may vary materially from the performance shown herein. There is no guarantee that any investment strategy illustrated will be successful or achieve any particular level of results. Please review the disclosures at the end of this document and consult your financial advisor for more information.

ICR1117U-300160-893624

Presented by

fa-mag.com

pw-mag.com

etf-mag.com

We believe wealth management is being redefined in the marketplace

Wealth Management is undergoing a structural, historical shift driven by new regulation like DOL, changing demographics, and technological advances and will be redefined in the marketplace.

Heightened regulatory environment

DOL Fiduciary Rule Officially Kicks In June 9

SEC Approves FINRA, MSRB Rules On Markup Disclosures

Digital advice has exploded and proliferated across the U.S.

Will Robo-Advisors Disrupt Conventional Wealth Management?

Robo-advisors: The future of investing or the latest financial craze?

ETF Growth is Massive

- Launched in 1993, ETFs reached more than $3.5 trillion in assets globally in 2016[1]
- US ETF AuM has grown 10x since 2004 and 2x since 2012[1]

Changing demographics and client needs

- 50% of investors will outlive their money[2]
- $13tr may be in motion as Baby Boomers consolidate assets[2]

Holistic wealth management value proposition

1. Understand Client Tax Situation
2. Estate Planning
3. Investment Management
4. Retirement Planning
5. Insurance
6. Debt Management
7. Education Modeling
8. Net Worth Statement

1 Source: Data is as of December 31, 2016 for Europe and December 31, 2015 for the US, Canada, Latin America, and some Asia ETPs. Global ETP flows and assets are sourced using shares outstanding and net asset values from Bloomberg, as well as BlackRock internal sources, for the US, Canada, Europe, Latin America and some ETPs in Asia. For Middle East and Africa, assets and net flows data is not available. 2: source USA Today as of 9/2014: https://www.usatoday.com/story/money/personalfinance/2014/09/24/investors-fear-outliving-retirement-savings/16095591.

In fee based advisory advisors barbell between OCIO and Rep-as-PM

***UMA 2 yr Growth Rate*[1]**
46%

***Rep-as-PM 2 yr Growth Rate*[1]**
26%

100% Buy It | **Blend of Buy and Build** | **100% Build It**

Managed Portfolio Strategies

Paper Model Portfolios

For illustrative purposes only.

1. Source: Cerulli as of 12/31/16. Definitions: UMA: unified managed account; Rep-as-PM: through which advisers take a step beyond recommending asset allocations and general investment strategies to actually take full discretion over client assets.

Specific to BlackRock Managed Portfolios Strategies: BlackRock's role is limited to providing you or your firm (collectively, the "Advisor") with non-discretionary investment advice in the form of model portfolios in connection with its management of its clients' accounts. The implementation of, or reliance on, a Managed Portfolio Strategy is left to the discretion of the Advisor. BlackRock is not responsible for determining the securities to be purchased, held and sold for a client's account(s), nor is BlackRock responsible for determining the suitability or appropriateness of a Managed Portfolio Strategy or any securities included therein for any of the Advisor's clients. BlackRock does not place trade orders for any of the Advisor's clients' account(s). Information and other marketing materials provided to you by BlackRock concerning a Managed Portfolio Strategy - including holdings, performance and other characteristics - may not be indicative of a client's actual experience from an account managed in accordance with the strategy.

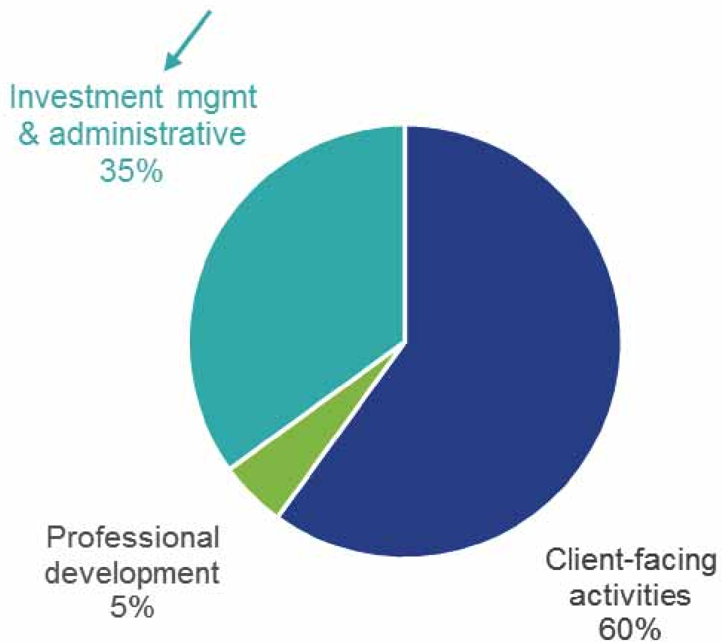
More time to focus on client relationships

Streamlining your investment practice can earn 400 hours a year for client service/acquisition

Cutting this time in half =

~8 hours / week

more to spend on clients & prospects*



Client acquisition grew AUM

23% more

than outperformance alone

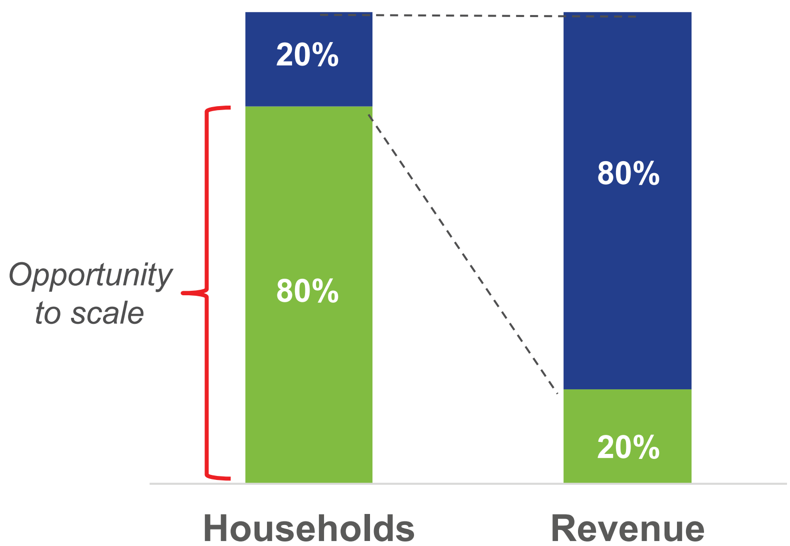
*Source: Cerulli, "U.S. Retail Investor Advice Relationships 2015;" BlackRock. Time savings estimation assumes a 45 hour work week (17.5% x 45 hours).

Source: Morningstar, BlackRock. **Past performance is no guarantee of future results.** Market performance assumptions based on the average of yearly returns of a 60/40 portfolio 2007 to 2016, represented by 60% S&P 500 Index and 40% BBG Barclays Aggregate Bond Index. For illustrative purposes only. It is not possible to invest directly in an unmanaged index.

Potential to free-up time by embracing a models-based practice

What is your process for delivering a consistent investment experience?

Efficiently deliver a consistent investment experience to the "80%" of clients that typically generate only 20% of revenue may better position you to grow while potentially reducing risk.[1]



Advisors who have adopted a models-based business are more productive.[2]

3x **Asset Growth**

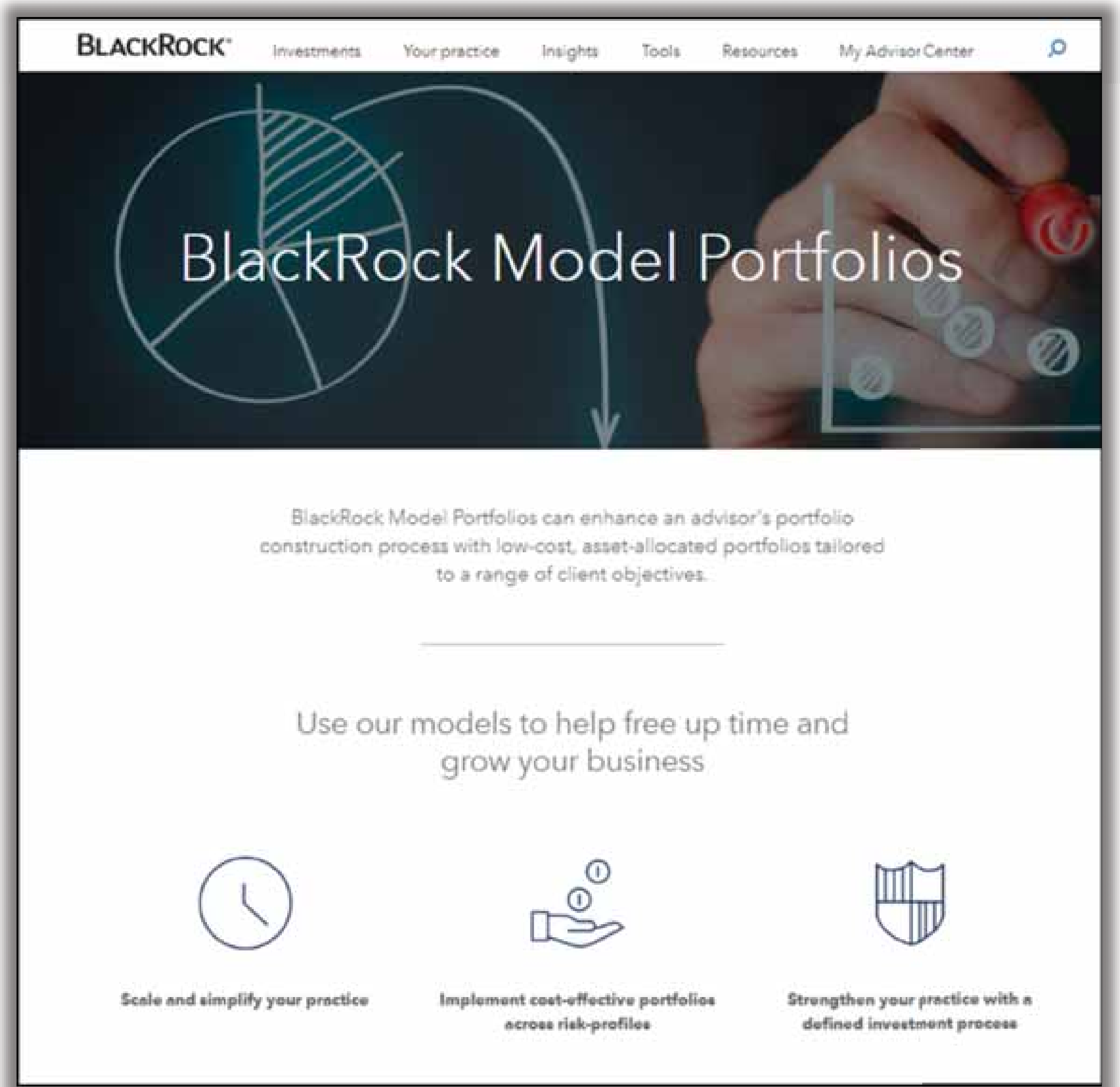
4x **New Assets**

9x **Productive Growth**

12x **Loan Originations**

1. Source: Based on the commonly used 80/20 principle, more formally known as "the Pareto Principle" from Joseph M Juran's "Quality Control Handbook."
2. Source: Wells Fargo 2016 Investor Day, data as of 12/31/2015.

Access BlackRock's asset allocation guidance – blackrock.com/models

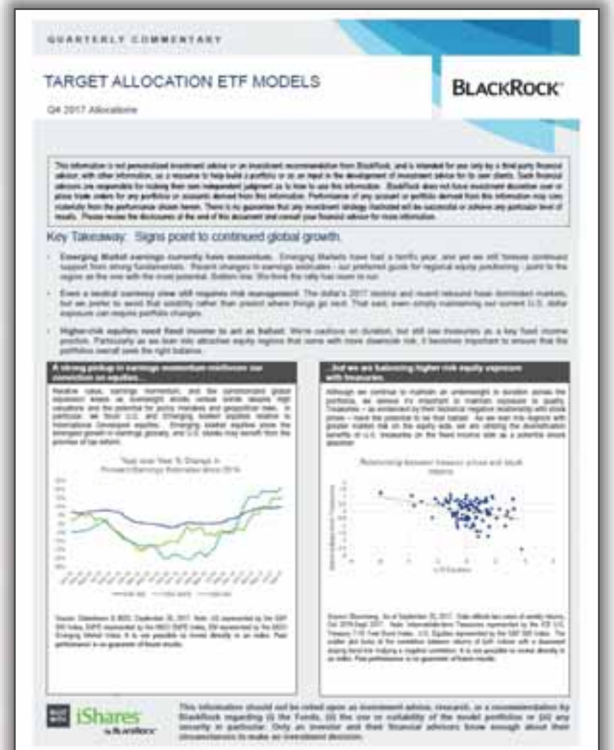


Screenshots are for illustrative purposes only.

Helping you scale your practice

Tactical Updates give Advisors a repeatable, disciplined investment process

I. Market commentary


QUARTERLY COMMENTARY

TARGET ALLOCATION ETF MODELS

BlackRock

Q4 2017 Allocations

II. Risk analysis


Risk Analysis

III. Trade Rationale and Performance Highlights


Trade Rationale

Performance Highlights

For illustrative purposes only.

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 Model Portfolios Menu

Growth

TARGET ALLOCATION Comprehensive, Long-term Asset Allocation Strategies

- *Total return strategy built as a foundational portfolio or as a complement to existing holdings*
- *11 Mutual Fund & ETF or all-ETF portfolios across the risk spectrum with exposure to a broad array of asset classes and sectors*

% Equity / Fixed Income

100/0	90/10	80/20	70/30	60/40	50/50	40/60	30/70	20/80	10/90	0/100

LONG HORIZON Low Turnover, Long-term Asset Allocation Strategies

- *Total return strategy built for the long-term investor*
- *11 all-ETF portfolios across the risk spectrum with exposure to a broad array of asset classes and sectors*

% Equity / Fixed Income

100/0	90/10	80/20	70/30	60/40	50/50	40/60	30/70	20/80	10/90	0/100

TARGET ALLOCATION ESG Comprehensive, Long-term Asset Allocation Strategies with a strong ESG focus

- *Total return strategy built with an extensive focus on companies that exhibit positive environmental, social, and governance (ESG) characteristics*

% Equity / Fixed Income

100/0	80/20	60/40

Income

TARGET INCOME Seek Consistent Income Targets with Downside Risk Protection

- *Fixed income portfolios seeking a superior risk-return profile vs. the Bloomberg Barclays U.S. Aggregate Bond Index*

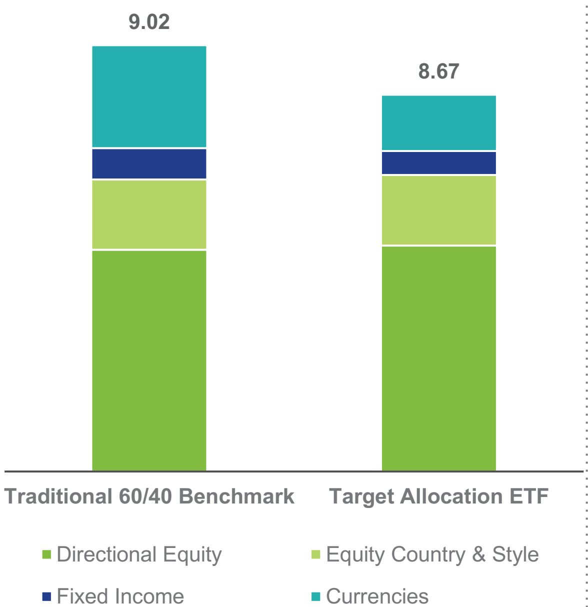
FOCUSED INCOME Seek Attractive Income and Protection Against Downside Risks

- *Multi-asset portfolios designed to generate income, while seeking to protect against specific risks*

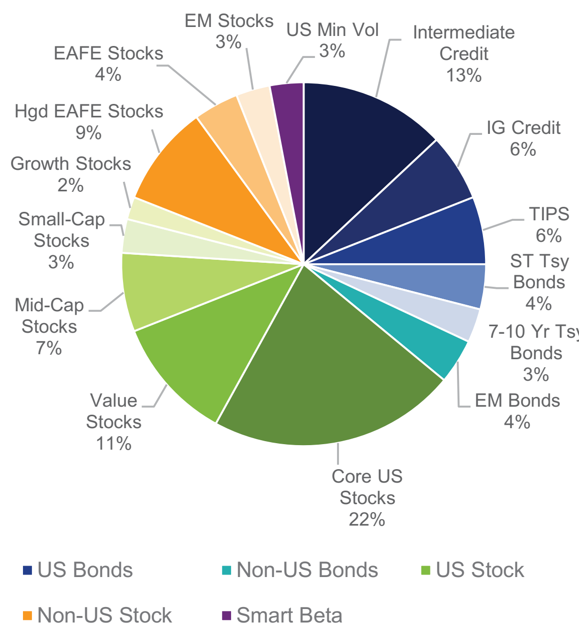
BlackRock Model Portfolios
Our investment process

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

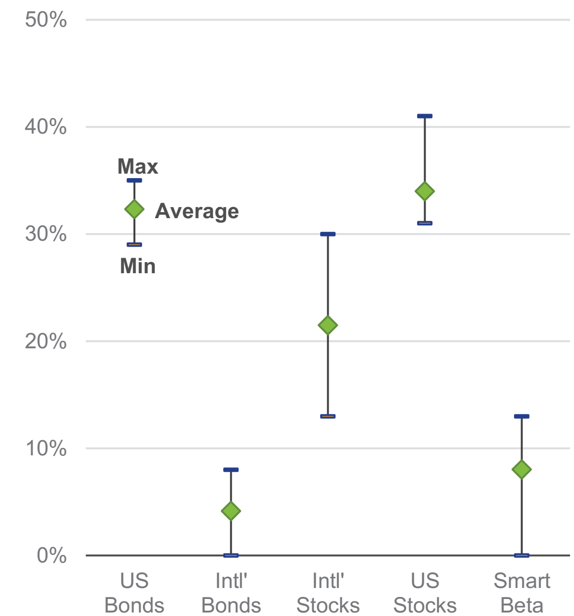
Risk Breakdown*



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.

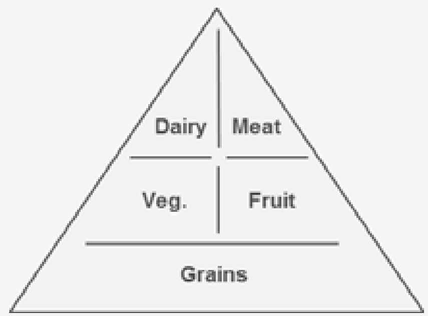
Enhance Diversification
A well-balanced diet

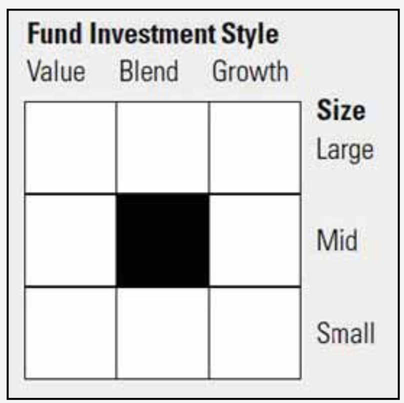
Thinking beyond asset classes can help enhance overall portfolio diversification

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

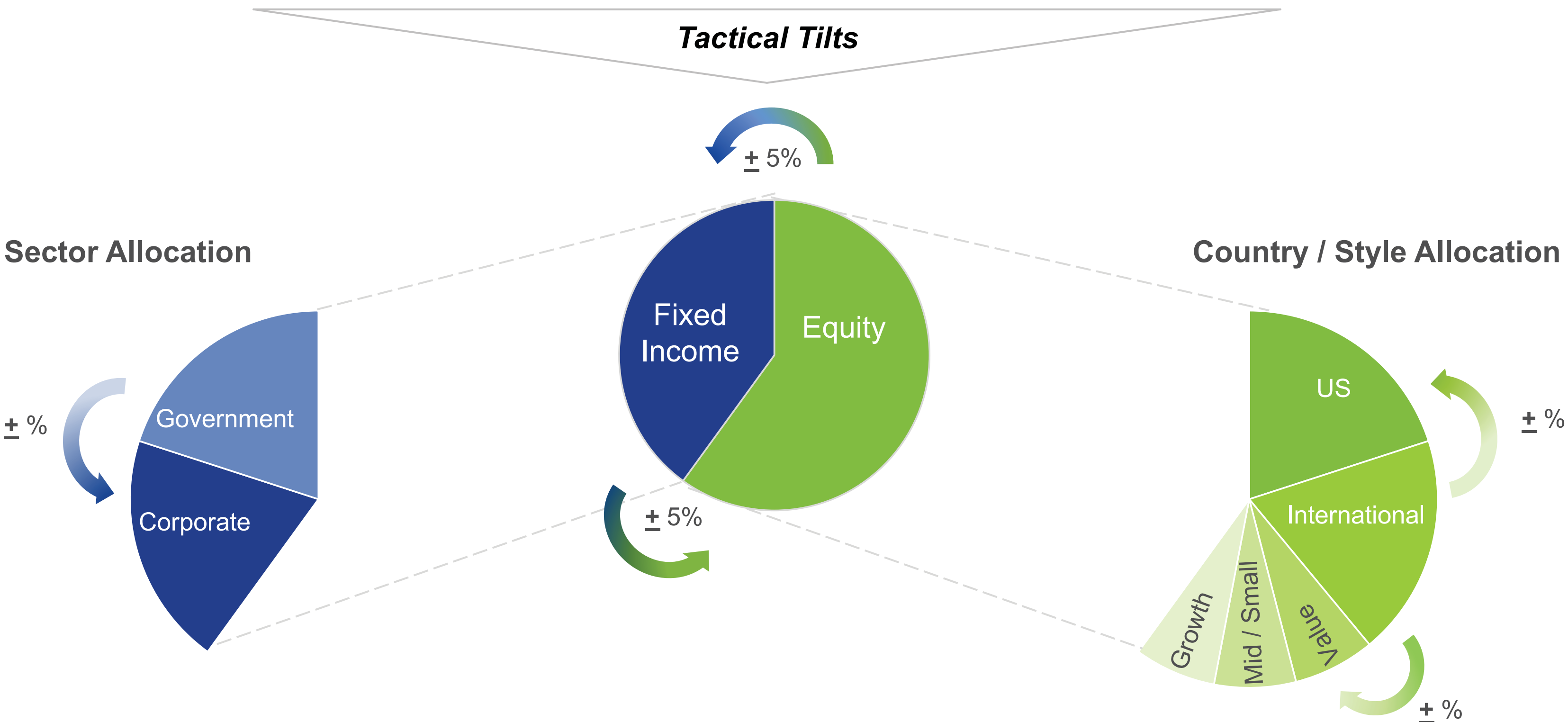
Factors are fundamental building blocks of investment returns

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

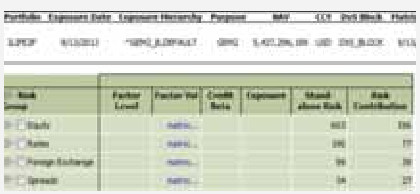
Leveraging global insight, expertise, and sophisticated risk management & portfolio analytics

Risk & Quantitative Analysis Group	Aladdin® Platform	BlackRock Investment Institute

Risk Evaluation

Understanding the risk exposures today

Risk decomposition to measure the contribution of every risk source

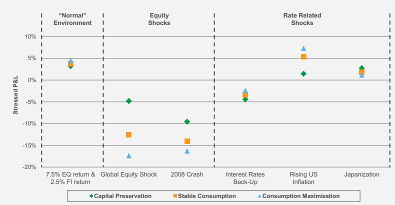


Critical for day-to-day portfolio management

Stress Testing

Quantifying potential risks of tomorrow

Stress tests to measure the impact of various market scenarios



Helps enable appropriate asset allocation for various environments

Monitoring & Rebalancing

Building a portfolio that can work through time

Asset class research to help provide diversification and reduce volatility

Can translate into a more robust optimized portfolio

For illustrative purposes only.

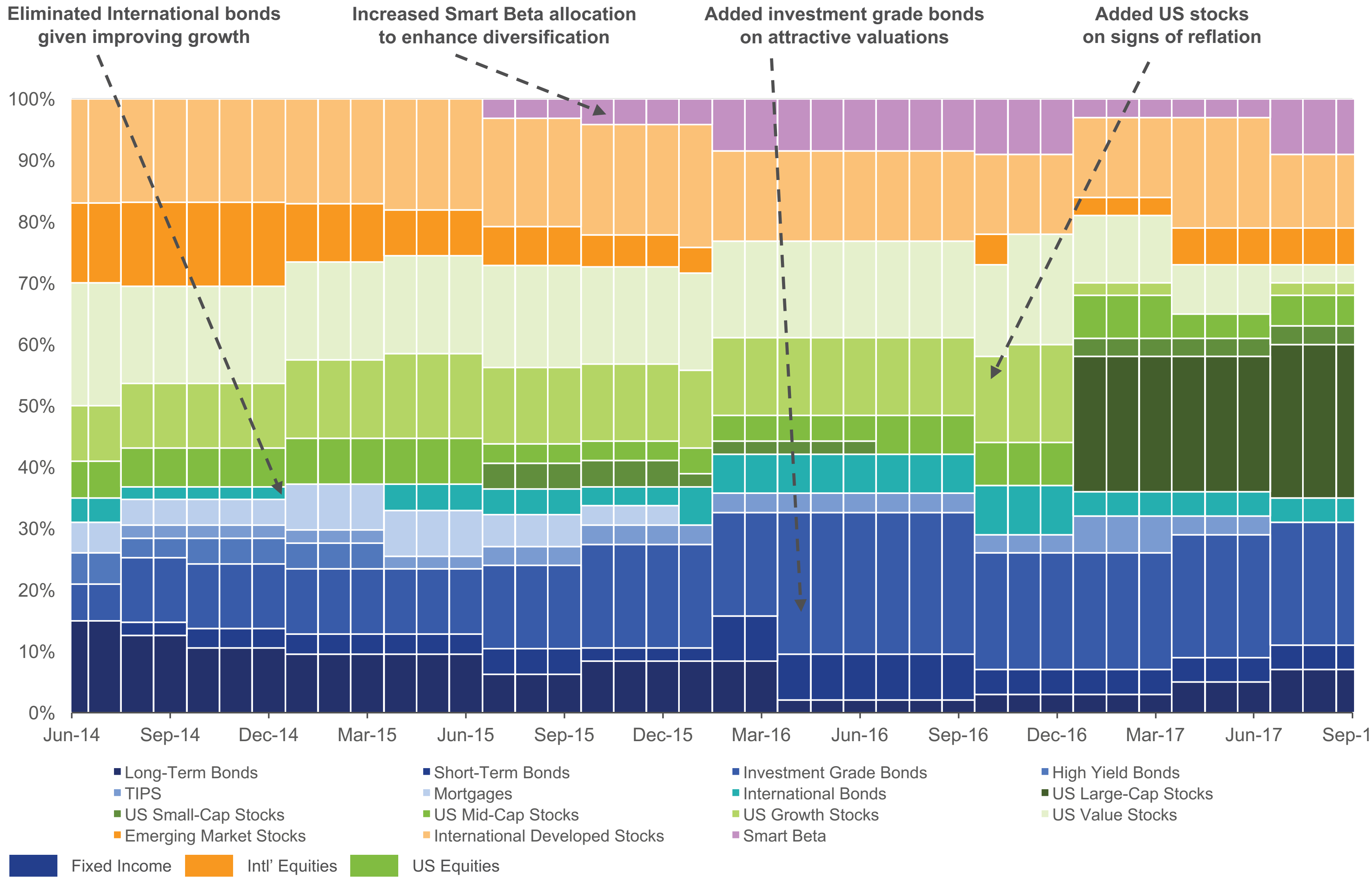
Model Portfolio Solutions - Global Asset Class Views

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.

BLACKROCK®

ICR1117U-300160-893624

Important information about BlackRock Model Portfolios

This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the Funds, (ii) the use or suitability of the model portfolios or (iii) any security in particular. Only an investor and their financial advisor know enough about their circumstances to make an investment decision.

Carefully consider the Funds within the model portfolios' investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal. Asset allocation and diversification may not protect against market risk, loss of principal or volatility of returns.

For Financial Professionals: In the event that you subscribe to receive a BlackRock Model Portfolio, you will receive investment ideas from BlackRock in the form of a model portfolio. The information is designed to be utilized by you solely as a resource, along with other potential sources you consider, in providing advisory services to your clients. BlackRock's Model Portfolios are not intended to constitute investment advice or investment recommendations from BlackRock. BlackRock is not responsible for determining the securities to be purchased, held and/or sold for your clients' accounts, nor is BlackRock responsible for determining the suitability or appropriateness of a Model Portfolio or any securities included therein for any of your clients. BlackRock does not have investment discretion and does not place trade orders for any of your clients' accounts. Information and other marketing materials provided to you by BlackRock concerning a Model Portfolio – including holdings, performance and other characteristics – may not be indicative of your client's actual experience from investing in one or more of the funds included in the Model Portfolio. The Model Portfolios, allocations and data are subject to change.

For end users: Any model performance information included herein represents the performance of BlackRock's Model Portfolios. The performance shown does not reflect the performance of model-based program accounts managed by your investment adviser utilizing BlackRock's non-discretionary Model Portfolios. BlackRock's Model Portfolios are not intended to constitute investment advice or investment recommendations from BlackRock. Your investment adviser may or may not implement BlackRock's Model Portfolios in your account. The performance of your account may differ from the performance shown for a variety of reasons, including but not limited to: your investment adviser, and not BlackRock, is responsible for implementing trades in the accounts; differences in market conditions; client-imposed investment restrictions; the timing of client investments and withdrawals; fees payable; and/or other factors. BlackRock is not responsible for determining the suitability or appropriateness of a strategy based on BlackRock's Model Portfolios. BlackRock does not have investment discretion and does not place trade orders for your account. This material has been created by BlackRock and the information included herein has not been verified by your investment adviser and may differ from information provided by your investment adviser. The Model Portfolios, allocations and data are subject to change.

Diversification and asset allocation may not protect against market risk or loss of principal.

Buying and selling shares of ETFs will result in brokerage commissions. The material is not intended to be a recommendation or advice by BlackRock. If this material were construed to be a recommendation by BlackRock, BlackRock would seek to rely on Department of Labor Regulation Section 2510.3-21(c)(1). As such, by providing this material to you, a plan fiduciary that is independent of BlackRock, BlackRock does not undertake to provide impartial investment advice or give advice in a fiduciary capacity. Further. BlackRock receives revenue in the form of advisory fees for our mutual funds and exchange traded funds and management fees for our collective investment trusts.

The information included in this material has been taken from trade and other sources considered to be reliable. We do not represent that this information is accurate and complete, and it should not be relied upon as such. Any opinions expressed in this material reflect our analysis at this date and are subject to change. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, but are not guaranteed as to accuracy.

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

CE CREDITS

This webcast qualified for the following continuing education credits:

Investments & Wealth Institute™ (previously known as IMCA) – 1 hour

If you would like to receive credit for participating in this webcast, please follow the directions below.

******NOTE:* YOU WILL HAVE 10 DAYS TO REPORT COMPLETION OF THIS WEBCAST VIA OUR WEBSITE. *FINANCIAL ADVISOR* MAGAZINE WILL THEN REPORT TO THE CFP BOARD AND CIMA ON YOUR BEHALF. AFTER 10 DAYS THE WEBCAST WILL NO LONGER BE AVAILABLE FOR REPORTING.

1.Visit our website at http://www.fa-mag.com/ce_center.php
2.Select the designation you would like to report the webcast to.
3.If you have already registered to complete and report CE credits with us, please login using your username and password. If you are new to our CE Center, please complete a registration form in its entirety.
(Note: You will need to supply your ID# generated from Investments & Wealth Institute™.)
4.Once you are logged in to your CE Center account, SCROLL TO THE BOTTOM OF THE PAGE to find the list of CE exams and webcasts we offer. (Please read the important information on that page regarding the CE reporting process.)
5.Click on the webcast you are interested in and complete the short questionnaire and print the "Certificate Of Completion" page for your records.
6.The webcast credit will be reported by *Financial Advisor* magazine the first week of the new month for the previous month. Allow 10 business days for the credit to be posted on your account.

If you have any questions regarding CE credit reporting, please email Sherri Scordo at **sherri@fa-mag.com**

To view the slides and a recording of this webcast please visit:

http://www.fa-mag.com/BlackRockWebcastNov9

For upcoming webcasts, please visit: **http:/www.fa-mag.com/webcasts.html**

Please send your questions, comments and feedback to: **dawn@fa-mag.com**

Presented by

FA