November 7, 2024

Global Credit Weekly:

Clarity

BlackRock.

FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

Market insights contributors

Amanda Lynam, CPA

Head of Macro Credit Research, Portfolio Management Group

Dominique Bly

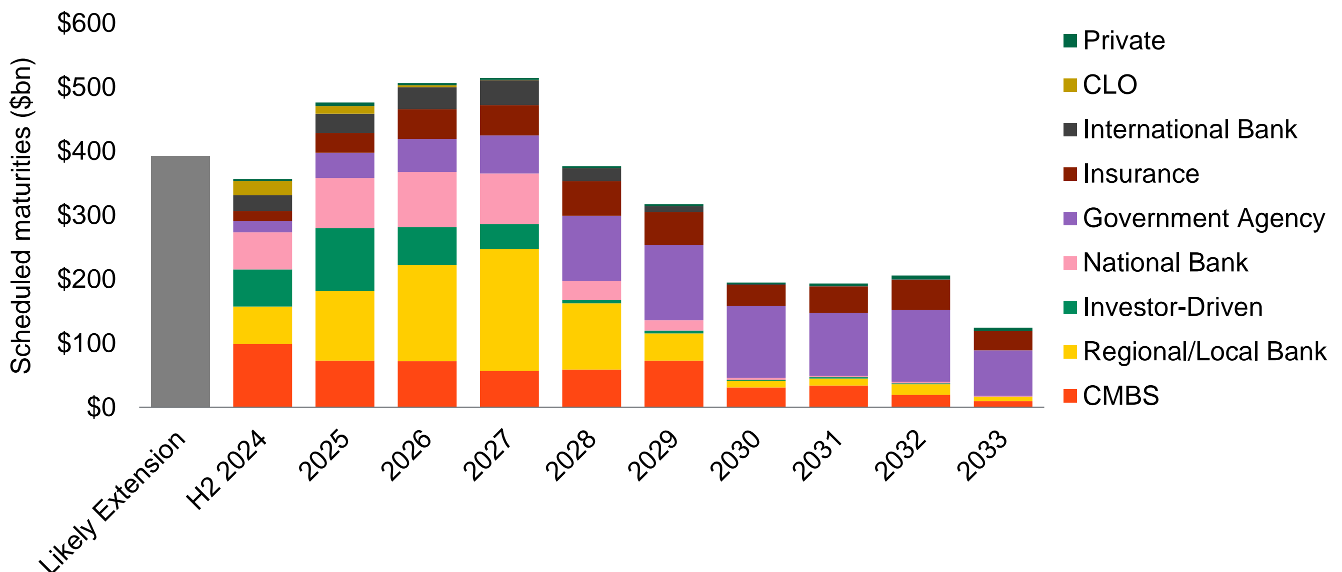
Macro Credit Research Strategist, Portfolio Management Group

Key takeaways

- The outcome of the U.S. presidential election signals the potential for significant policy shifts, as our colleagues in the *BlackRock Investment Institute* have highlighted. While Republicans have taken control of the Senate, control of the House (which was still unconfirmed as of the time of this writing on November 6th) would give a second Trump administration broader powers to enact its tax, energy, trade and regulatory agenda. As we outlined a few weeks ago, outcomes on trade/tariffs are among the most uncertain, but also have the potential to impact corporate credit fundamentals significantly. This will likely drive more sector and issuer dispersion – underscoring the importance of granular credit selection. The overall macroeconomic growth backdrop will also be a key ingredient to credit spread valuations.
- At the November 7th FOMC, we expect Chair Powell to reiterate the message of "recalibration". Our current base case is for a 25bp rate cut in November, followed by another 25bp rate cut at the December meeting – reflective of a continued normalization of monetary policy. That said, uncertainty around the path for monetary policy in 2025 is elevated. Once Fed Funds approaches the 3.75% to 4% level in early 2025, we believe additional clarity on the FOMC's view of the neutral rate will be increasingly important to differentiate between "normalizing" and "easing" monetary policy. While not our current base case, a reacceleration of inflationary pressures – materializing from potential fiscal and/or trade related policies, following the U.S. election – could cause the FOMC's terminal rate to land towards the higher end of this range.
- In this *Global Credit Weekly*, we assess the current state of one of the most growth and interest rate sensitive asset classes: commercial real estate. On net, we remain comfortable with our expectation for "dispersion but not widespread market disruption." That said, we expect additional price declines in the Office category given the long-tail nature of the adjustment.

Exhibit 1: Banks represent the largest lender segment in near-term CRE maturities

Volume of maturing U.S. CRE loans by lender type



Source: Real Capital Analytics, BlackRock. Data as of 9/24/2024. RCA identifies a loan as "likely extended" if, based on their analysis, it was slated to come due in 2023 or 1H2024 and was not subsequently refinanced or the associated collateral was not sold.

FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

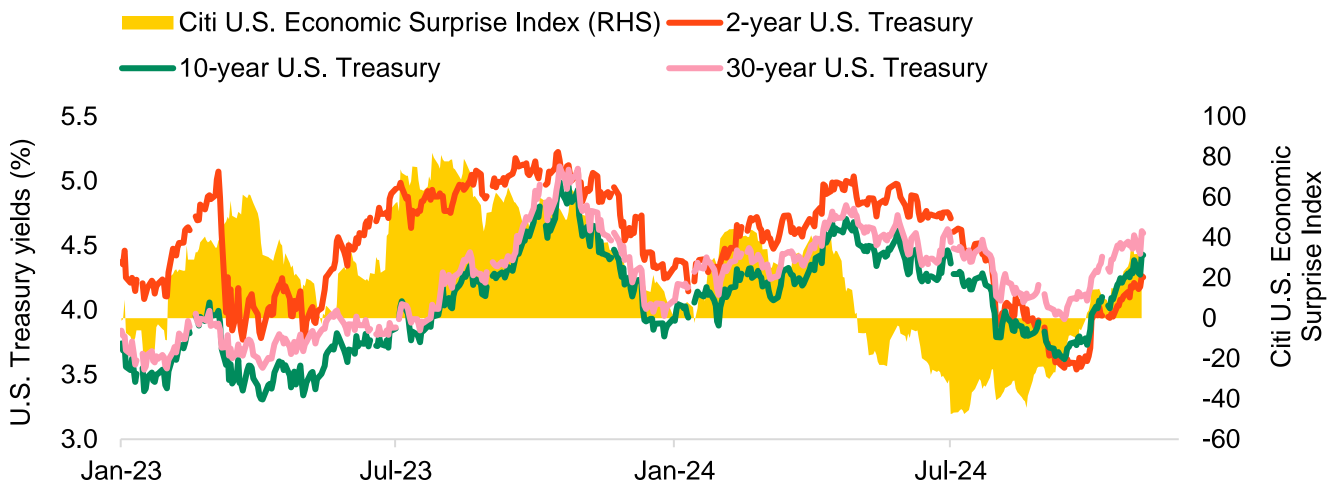
Higher rates, solid growth

Since the Federal Reserve's 50bp rate cut on September 18th – and *prior* to the market moves immediately following the result of the November 5th U.S. election – interest rates marched *higher* (Exhibit 2). The yields on the 10-year and 30-year U.S. Treasuries were 54bp and 69bp higher, respectively, since the September 17th close (through November 5th pre-election levels). And the yield on the 2-year U.S. Treasury – which is more sensitive to monetary policy actions – was 61bp higher. Yields increased by an additional 8-18 bp (across the curve) on November 6th, as the outcome of the U.S. election was announced.

The *pre-election* moves higher in rates were catalyzed by a stronger-than-anticipated September payrolls report in early October and were further underscored by solid retail sales and 3Q2024 GDP that, once again, printed at an above-trend pace (+2.8%). While the October payrolls data (released November 1st) was weaker-than-expected, events such as hurricanes and a labor strike made the print more noisy than usual. Indeed, spreads for some of the most growth-sensitive pockets of the USD corporate credit market – the high yield (HY) universe, and the subset of CCC-rated issuers within it – have been *tightening* since early August – suggesting growth concerns are *not* top of mind for market participants (Exhibit 3).

Exhibit 2: Treasury yields have moved higher, alongside stronger economic data

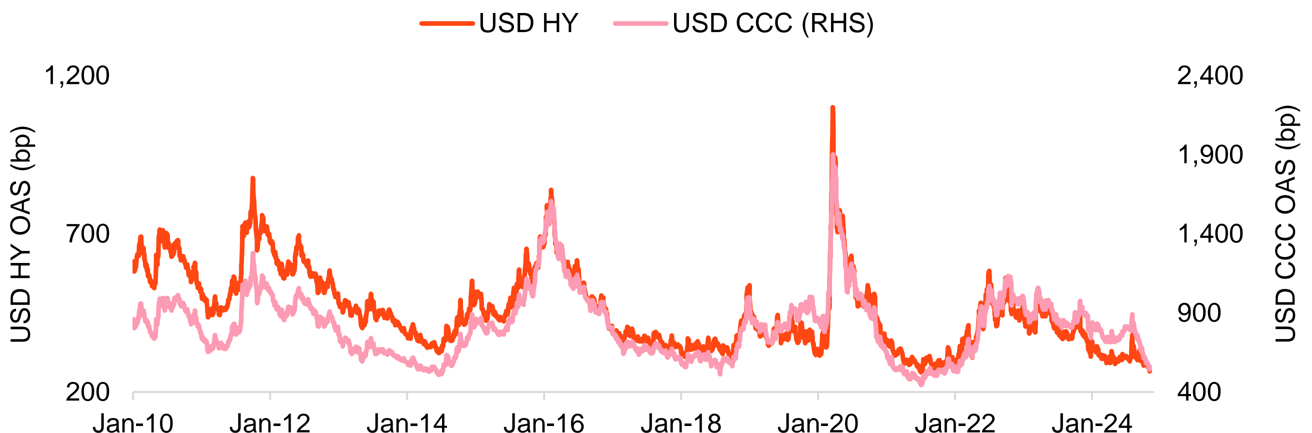
On-the-run 2-year, 10-year, and 30-year U.S. Treasury yields vs. the Citi U.S. Economic Surprise Index (CESI). A positive reading on the CESI means that data releases have been stronger than expected and a negative reading means that data releases have been worse than expected.



Source: Bloomberg, Citi, BlackRock. As of November 6, 2024. **The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.** Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

Exhibit 3: Spreads on growth sensitive parts of the corporate credit market have tightened

Index-level option adjusted spreads (OAS)



Source: Bloomberg, BlackRock. As of November 6, 2024. **The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.** Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

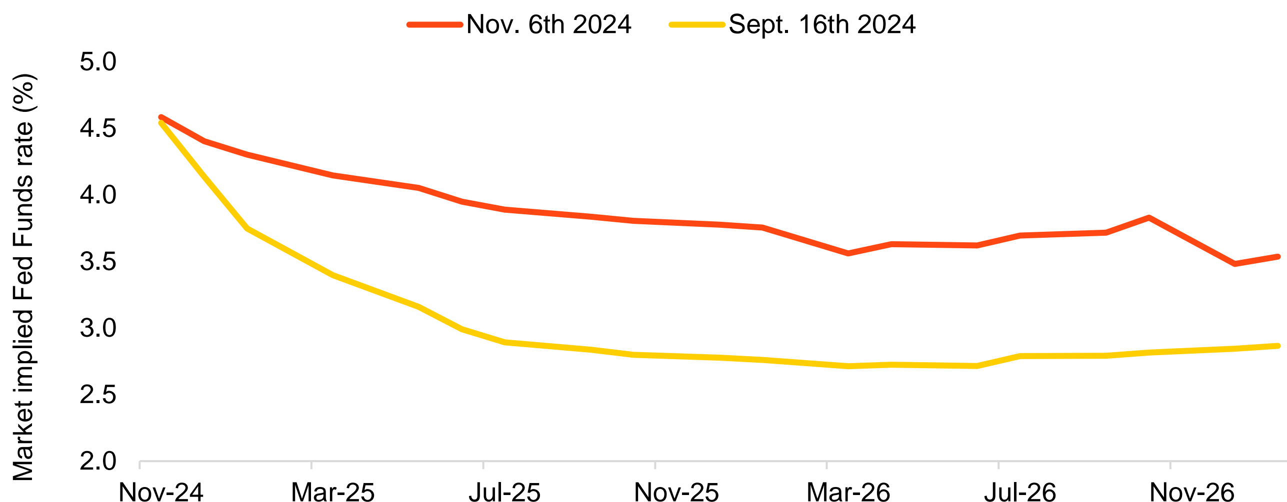
FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

November FOMC: Some normalization, then a focus on neutral

At the November 7th FOMC press conference, we expect Chair Powell to reiterate the message of "recalibration" from the September meeting. Our current base case is for a 25bp rate cut in November, followed by another 25bp rate cut at the December meeting – reflective of a continued normalization of monetary policy.

That said, once rates approach the 3.75% to 4% level in early 2025, we believe additional clarity on the FOMC's view of the neutral rate will be increasingly important to differentiate between "normalizing" and "easing" monetary policy.

Exhibit 4: Since the September FOMC, market pricing has reflected fewer total Fed rate cuts
The U.S. monetary policy rate implied by Fed Funds Futures (at each upcoming FOMC meeting date), through early 2027; As of November 6th, and September 16th, 2024.



Source: Bloomberg, BlackRock. As of November 5, 2024. **There is no guarantee any forecasts may come to pass.**

Exhibit 5: The FOMC's estimate of a longer-run Fed Funds rate has moved higher
The median economic projections of the 19 FOMC members, for the 4th quarter of each year shown

	2024	2025	2026	2027	Longer-run
Real GDP growth	**2.0**	**2.0**	**2.0**	**2.0**	**1.8**
June 2024 projection	*2.1*	*2.0*	*2.0*		*1.8*
March 2024 projection	*2.1*	*2.0*	*2.0*	*not given*	*1.8*
December 2023 projection	*1.4*	*1.8*	*1.9*		*1.8*
Unemployment rate	**4.4**	**4.4**	**4.3**	**4.2**	**4.2**
June 2024 projection	*4.0*	*4.2*	*4.1*		*4.2*
March 2024 projection	*4.0*	*4.1*	*4.0*	*not given*	*4.1*
December 2023 projection	*4.1*	*4.1*	*4.1*		*4.1*
PCE inflation	**2.3**	**2.1**	**2.0**	**2.0**	**2.0**
June 2024 projection	*2.6*	*2.3*	*2.0*		*2.0*
March 2024 projection	*2.4*	*2.2*	*2.0*	*not given*	*2.0*
December 2023 projection	*2.4*	*2.1*	*2.0*		*2.0*
Core PCE inflation	**2.6**	**2.2**	**2.0**	**2.0**	
June 2024 projection	*2.8*	*2.3*	*2.0*		*not given*
March 2024 projection	*2.6*	*2.2*	*2.0*	*not given*	
December 2023 projection	*2.4*	*2.2*	*2.0*		
Federal funds rate	**4.4**	**3.4**	**2.9**	**2.9**	**2.9**
June 2024 projection	*5.1*	*4.1*	*3.1*		*2.8*
March 2024 projection	*4.6*	*3.9*	*3.1*	*not given*	*2.6*
December 2023 projection	*4.6*	*3.6*	*2.9*		*2.5*

Source: Federal Reserve, BlackRock. As of the Federal Reserve's Summary of Economic Projections published on September 18, 2024.
There is no guarantee any forecasts may come to pass.

FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

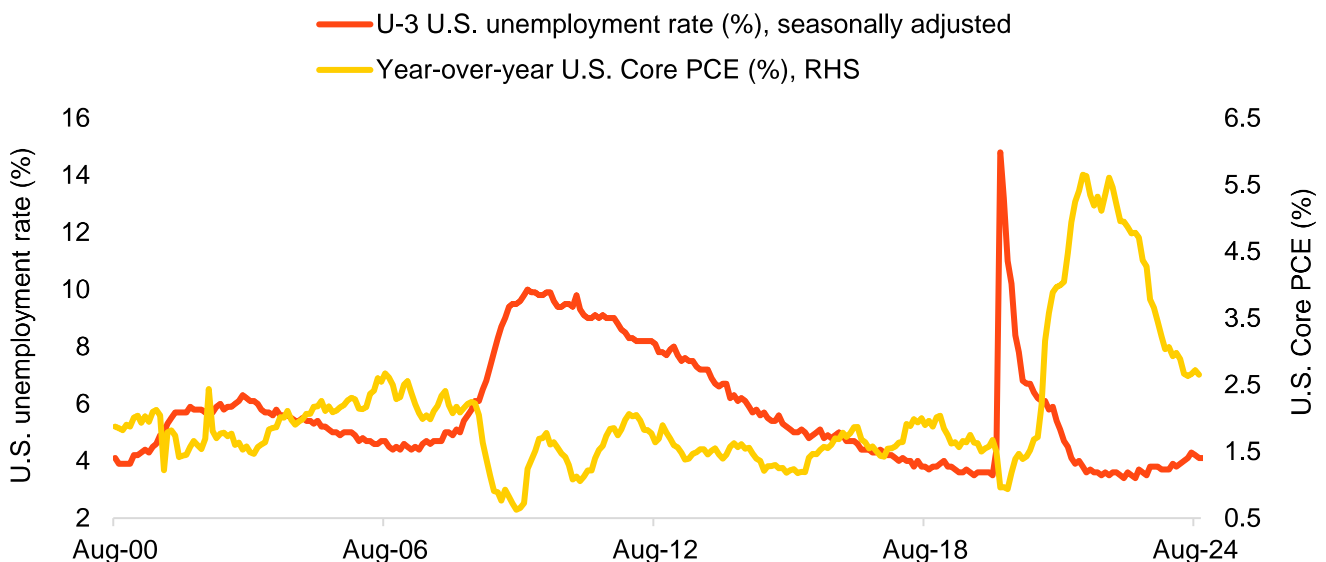
That said, uncertainty around the path for monetary policy in 2025 is elevated. While not our current base case, a reacceleration of inflationary pressures – materializing from potential fiscal and/or trade related policies, following the U.S. election – could cause the Fed's terminal rate to land towards the higher end of this range.

Slower – or fewer – Federal Reserve rate cuts (relative to pre-election market pricing) because of strong economic activity can likely be easily digested by corporate credit. By contrast, slower – or fewer – Fed rate cuts because of reaccelerating inflation would be a much less favorable backdrop for credit, in our view, especially if coupled with weaker economic activity.

Chair Powell has noted repeatedly that the FOMC remains attentive to both sides of its dual mandate of price stability (inflation) and maximum employment (Exhibit 6). The U.S. labor market – by a variety of measures, including the so-called "jobs-workers gap" shown in Exhibit 7 – has rebalanced to its pre-pandemic level. As a result, a meaningful deterioration from current levels (for example: a notable increase in the unemployment rate) would likely encourage the FOMC to remain on its current path of rate cuts, in our view. The FOMC's next quarterly Summary of Economic Projections is scheduled to be released at the December 17th – 18th meeting.

Exhibit 6: The FOMC is attentive to both sides of its dual mandate

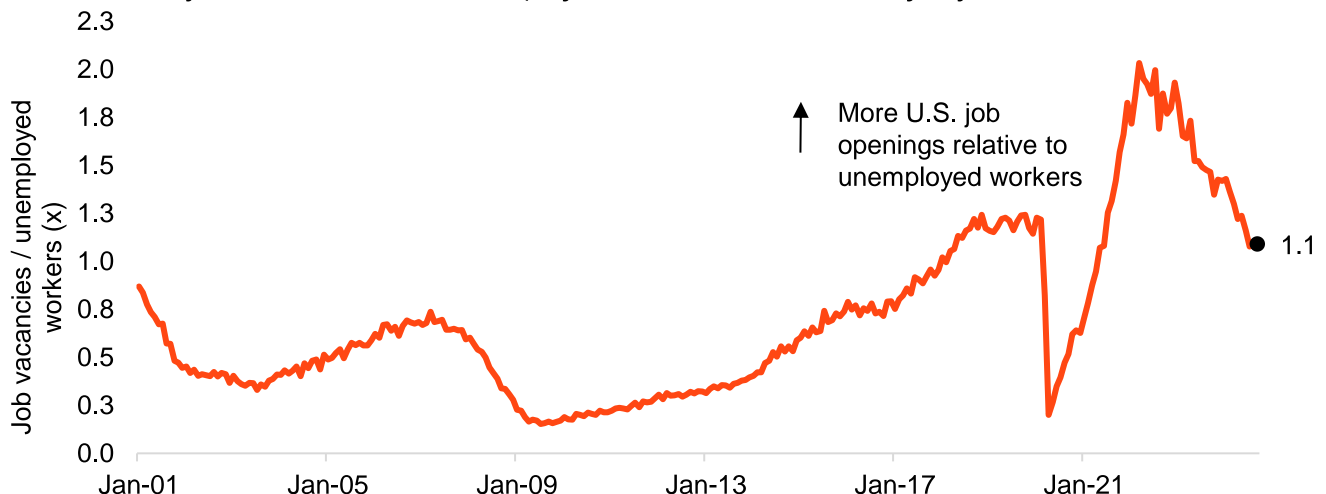
U-3 U.S. unemployment rate and year-over-year U.S. Core PCE inflation (RHS), both seasonally adjusted



Source: Bureau of Labor Statistics, Bureau of Economic Analysis, BlackRock. For unemployment: captures data through October 31, 2024. For core PCE: captures data through September 30, 2024. Both most recent available as of November 4, 2024.

Exhibit 7: The U.S. labor market has rebalanced to the pre-pandemic level

The ratio of U.S. job vacancies to U.S. unemployed workers, both seasonally adjusted



Source: BlackRock, Bureau of Labor Statistics. Captures data through September 30, 2024.

FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

Commercial real estate: watching for an inflection point

Commercial real estate (CRE) has been one of the most topical asset classes over the past few years, driven by its sensitivity to growth and interest rates, as well as its exposure to post-pandemic structural shifts. In this *Global Credit Weekly*, we evaluate how CRE has been performing given the dynamic macroeconomic environment and consider whether we are reaching an inflection point for (1) CRE transaction volumes (which have been muted), and (2) valuations in the most challenged portion of the market, such as Office.

So far, headwinds facing the CRE market (largely, in the Office sector) have not been the disruptive, market-wide force that many market participants had anticipated. While higher interest rates have increased the borrowing costs for floating-rate debt and, in many cases, reduced property values, banks have shown a willingness to extend loan maturities.

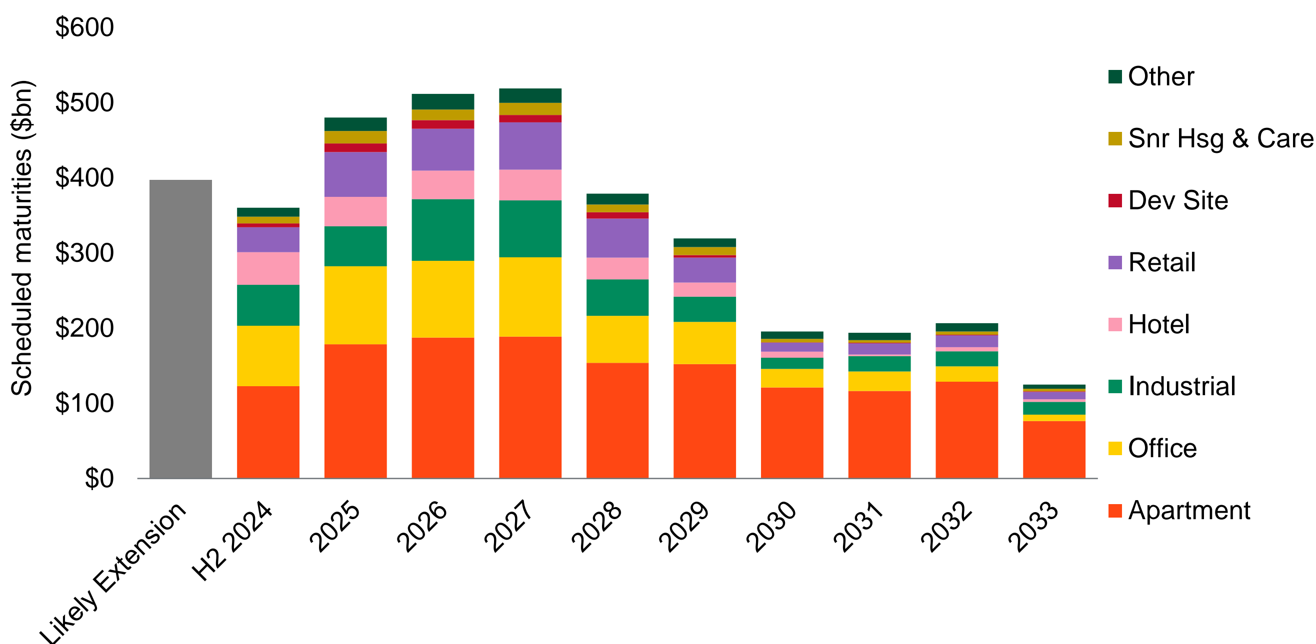
An October 2024 Moody's analysis, which captures CRE loan modification disclosures from 39 U.S. banks, shows that the median share of modified CRE loans more than doubled in 1H2024 vs. 1H2023. Term extensions were the most common modification, according to the analysis.

We expect that the long-term nature of this CRE cycle has allowed banks ample time to prepare their balance sheets for potential losses (a topic that has been top of mind for quite some time) by increasing CRE loan loss reserves.

Data compiled by Real Capital Analytics (RCA) and MSCI Real Assets estimates that $397 billion of U.S. CRE loans maturing in 2023 and 1H2024 have been extended. Further, $360 billion and $480 billion of loans are expected to mature in 2H2024 and 2025, respectively, with banks representing the largest lender segment for maturing loans over the period (Exhibit 1). Given the upcoming maturity schedule, we believe this willingness to extend maturities will be key to watch going forward, until CRE transaction activity has recovered.

Apartment and Office properties make up the largest maturing loan segments by property type in 2H2024 and 2025, though the volume remains considerably diversified (Exhibit 8). And because there is significant dispersion *within* property types (detailed later), the impacts of maturing property type concentrations cannot be painted with a broad brush, in our view.

Exhibit 8: Apartments represent the largest share of maturing volume in the coming years
Volume of maturing commercial property loans, by property type



Source: Real Capital Analytics, BlackRock. Data as of 9/24/2024. RCA identifies a loan as "likely extended" if, based on their analysis, it was slated to come due in 2023 or 1H2024 and was not subsequently refinanced or the associated collateral was not sold.

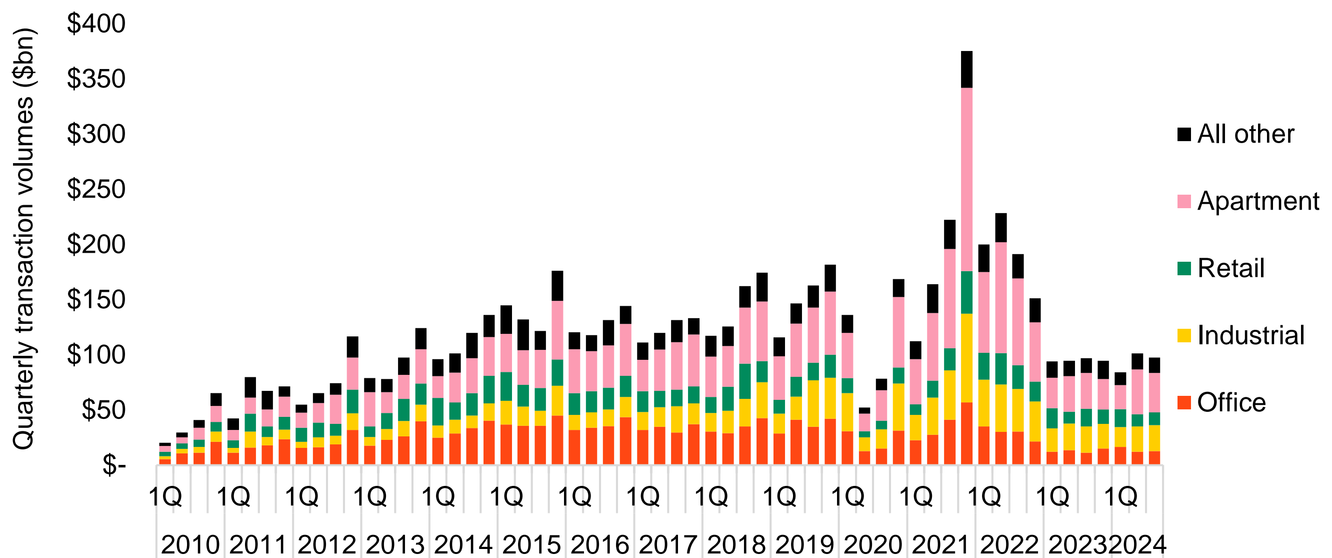
FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

A rebound in U.S. CRE transaction volume may be on the horizon

Transaction volume in the U.S. CRE market has been muted since 1Q2023 (Exhibit 9). Beyond the well-telegraphed structural shifts impacting the Office sector, persistent macroeconomic uncertainty and interest rate volatility have likely kept buyer and seller expectations misaligned. That said, we believe U.S. CRE transaction volumes may be nearing a trough, as additional clarity on fiscal and monetary policy emerges, and especially if the growth and labor market remains supportive (as CRE is a growth sensitive asset class, influenced heavily by the labor market).

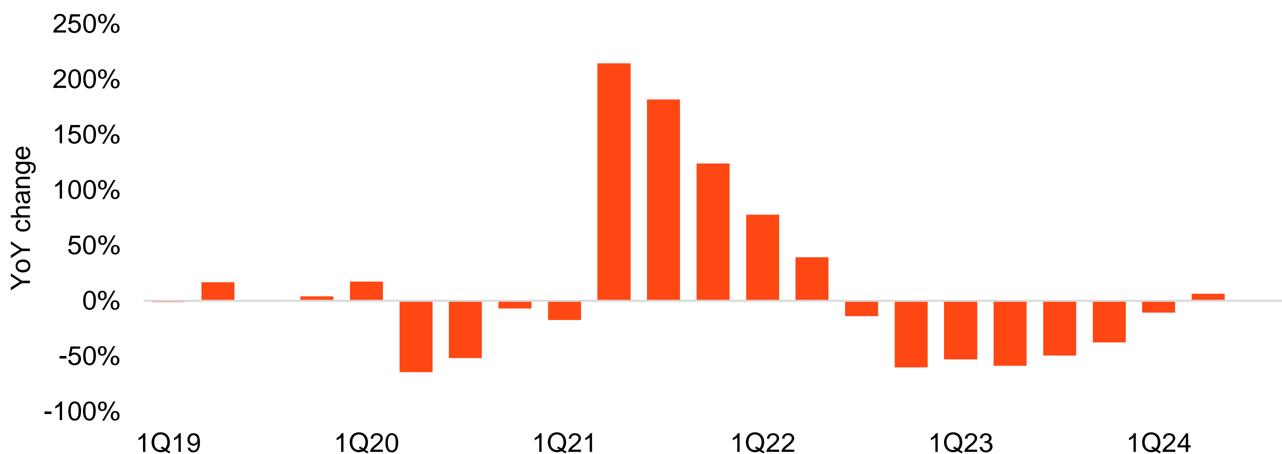
Exhibit 10 – which looks at the *year-over-year change*, as opposed to absolute transaction volumes – suggests that green shoots may be forming, with transaction volume growing modestly in 2Q2024 and 3Q2024 after seven quarters of declines. Alignment between buyer and seller expectations on property values will be critical for boosting transaction volumes, which, in turn, are key for providing the data necessary to validate any stabilization in valuations. This is because a transaction is typically the catalyst for a renewed property appraisal in the CRE market.

Exhibit 9: Transaction volume remains depressed but may be troughing
U.S. commercial real estate quarterly transaction volumes by property type



Source: Real Capital Analytics, BlackRock. Captures data through 3Q2024. "All other" includes Hotels, Development Sites, and Senior Housing & Care.

Exhibit 10: Year-over-year CRE transaction volume grew modestly in 2Q2024 and 3Q2024
Change in year-over-year (YoY) transaction volume for the RCA CPPI National All-Property Index



Source: Real Capital Analytics Commercial Property Price Indices (CPPI) National All-Property Index, BlackRock. Captures data through 3Q2024. **The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.** Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

Dispersion, not widespread disruption

That said, dispersion persists *across and within* CRE property types (Exhibit 11), using RCA's Commercial Price Property Index (CPPI) as a proxy for the market. For example, Industrial continued to exhibit the strongest value gains, growing by 6.7% year-over-year due to tailwinds such as e-commerce growth, nearshoring/onshoring to improve U.S. supply chain resilience and artificial intelligence infrastructure development. On the other hand, Central Business District (CBD) Office fell 22.4% in value over the past year (underperforming Suburban Office) as it remains pressured by structural shifts such as work-from-home.

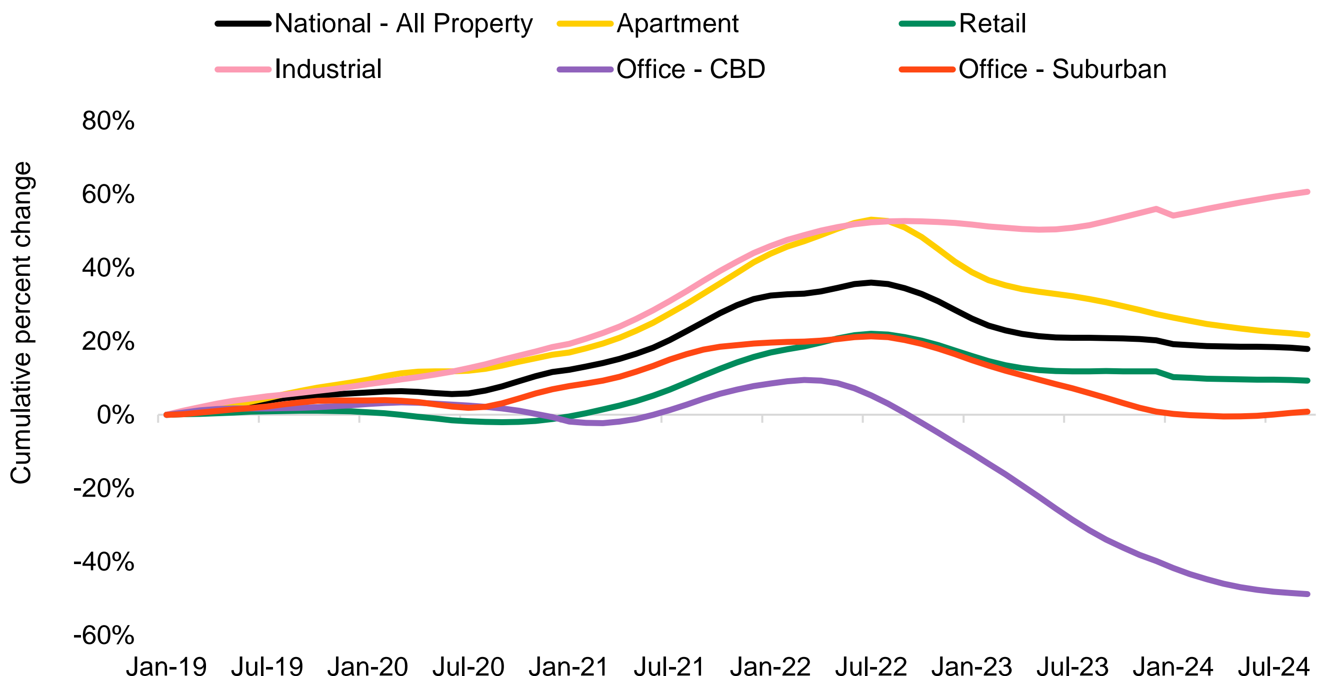
Green Street notes that while private market repricings have made high-quality Office properties more attractive compared to the past (due to better alignment between current capitalization rates and the underlying economics of the business), some lower-quality Office space may not have a path to full value recovery, as it may struggle to compete in the "amenity rich" environment.

This theme was also referenced in some of the 3Q2024 earnings call commentary from U.S. banks in October, where a mix of management teams outlined an expectation for additional "lumpy" losses in Office that will "take a while to play out" amid market fundamentals that "remain weak."

There were references to "stress" due to "lack of demand" for CRE Office, with an expectation that this category will be "noisy for a while." That said, these "additional charge-offs" in CRE Office are largely expected to be booked against "adequately reserved" loan loss provisions, which have been built over the past few quarters.

The importance of Office *occupancy* rates – above and beyond any potential tailwind from lower interest rates and capitalization rates – was also underscored. For example, if hybrid work patterns reduce Office occupancy rates significantly on a long-term basis, that headwind will overshadow any potential benefits from lower borrowing costs and lower capitalization rates. An October 2024 analysis by Moody's estimated that work-from-home arrangements have decreased U.S. CRE Office demand between 14% and 22%, depending on the region.

Exhibit 11: There is meaningful dispersion in performance across CRE sectors
Cumulative percent change in the level of the RCA U.S. Commercial Property Price Indices (CPPI) sector-specific indices since January 2019



Source: Real Capital Analytics Commercial Property Price Indices National All-Property Index, BlackRock. Captures data through September 30, 2024. **The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.** Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

Growth in CRE distressed balance is slowing

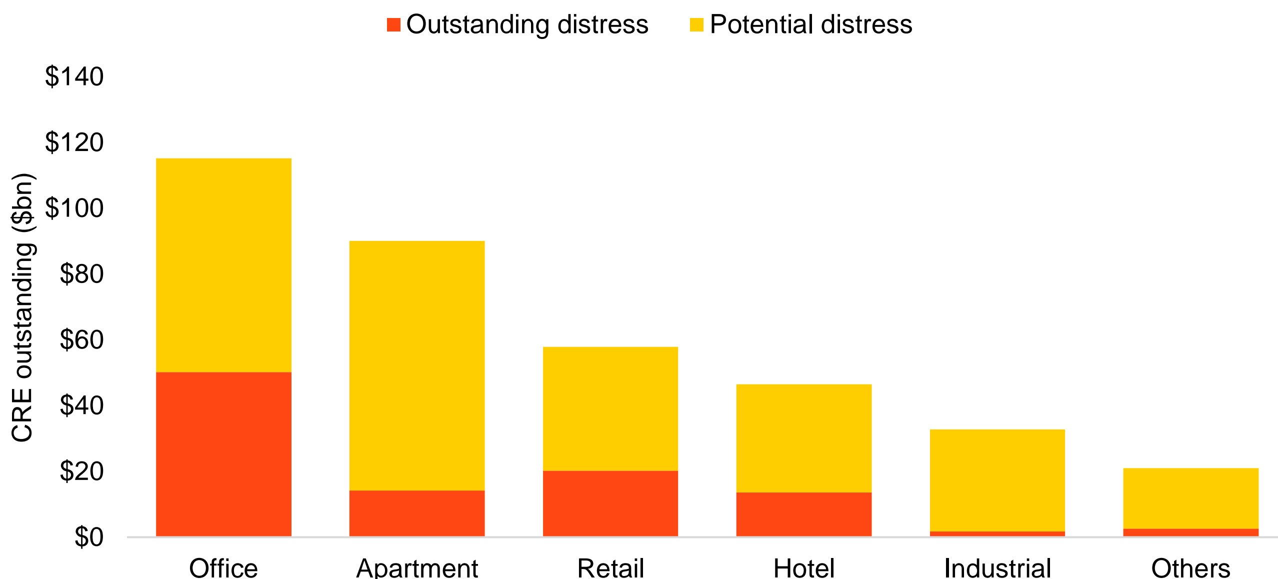
We also look to distressed activity to gauge the progression of the CRE stress cycle. In 3Q2024, changes in aggregate distressed volume were directionally positive, with distressed volume growing at the slowest rate since 4Q2022, according to data from RCA.

Consistent with the theme of dispersion, Office properties continue to garner the most stress of any property type, representing nearly half of the market distress outstanding as of 3Q2024 (Exhibit 12). Further, "distressed" and "potentially distressed" volume for Office properties increased 25% quarter-over-quarter, suggesting that, despite the persistent headwinds facing Office properties since 2020, the full extent of distress is yet to be realized. One driver of this enduring cycle is the nature of Office leases, which tend to be longer-term.

While Moody's expects that Office underperformance may continue for another six to eight quarters, they note that the extent of the Office distress cycle will depend on various factors, including new Office construction volume and the potential for "adaptive reuse" of existing Office supply. We expect there will be dispersion in CRE lender performance based on factors such as vintage, location, and investment composition.

Exhibit 12: Office is the largest CRE distressed category

Balance of distressed and potentially distressed commercial real estate by property type



Source: Real Capital Analytics, BlackRock. "Others" includes categories such as self-storage and manufactured housing as of 3Q2024. "Outstanding distress" indicates direct knowledge of property-level distress (via announcements of bankruptcy, default, foreclosure, and other publicly reported issues). "Potential distress" indicates possible future property-level financial trouble due to events such as delinquent loan payments, forbearance and slow lease up/sell out, among others. This also includes CMBS loans placed on master servicer watchlists.

Private market participants are well-positioned to grow market share

Consistent with the broad trend of growth in the private financing markets, we expect private capital to play an increasing role in CRE transaction activity over time. This trend, illustrated by Exhibits 13 and 14, has been evident over the last few years, albeit based on limited volumes (as discussed earlier).

Since 2020, private participants (defined as companies whose control is in private hands and whose business is primarily geared toward operating, developing, or investing in CRE) have accounted for over half of CRE deal volume (as both buyers and sellers). In our view, this is reflective of the benefit of having longer-term, patient capital, which allows lenders to provide financing through the economic cycle without facing liquidity constraints during economic disruptions.

Exhibit 13: Private acquirers have grown as a share of CRE activity…
Share of total annual CRE deal volume by acquirer type

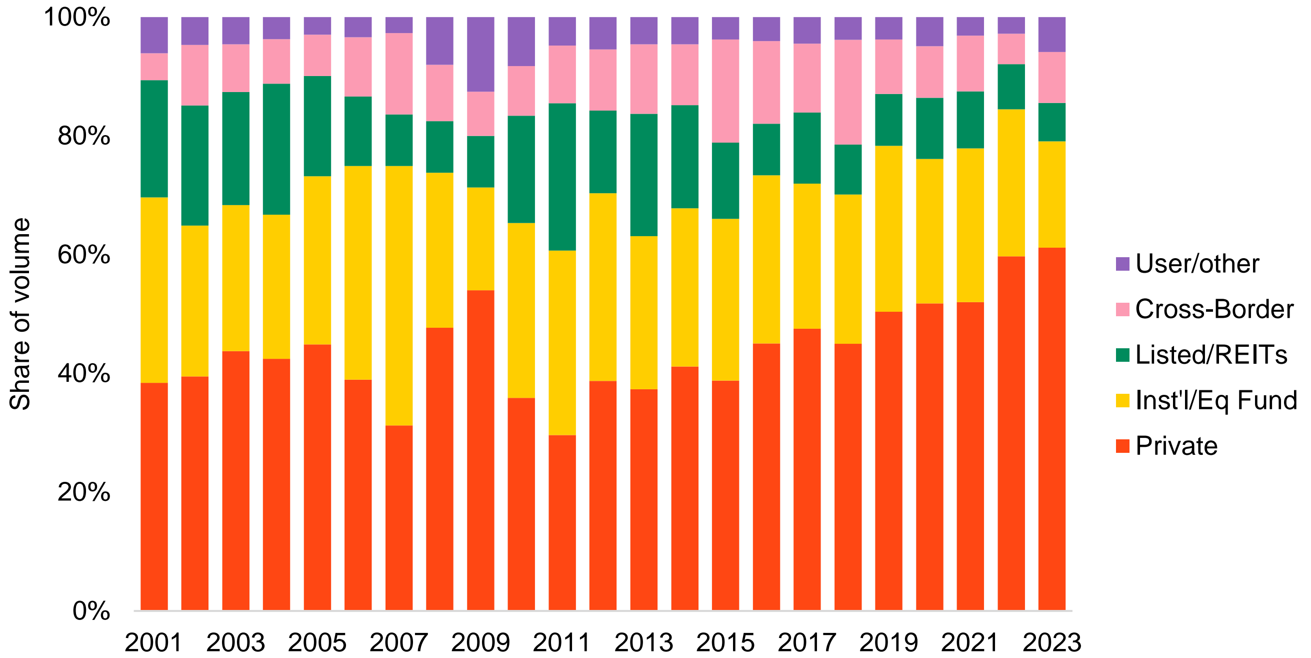
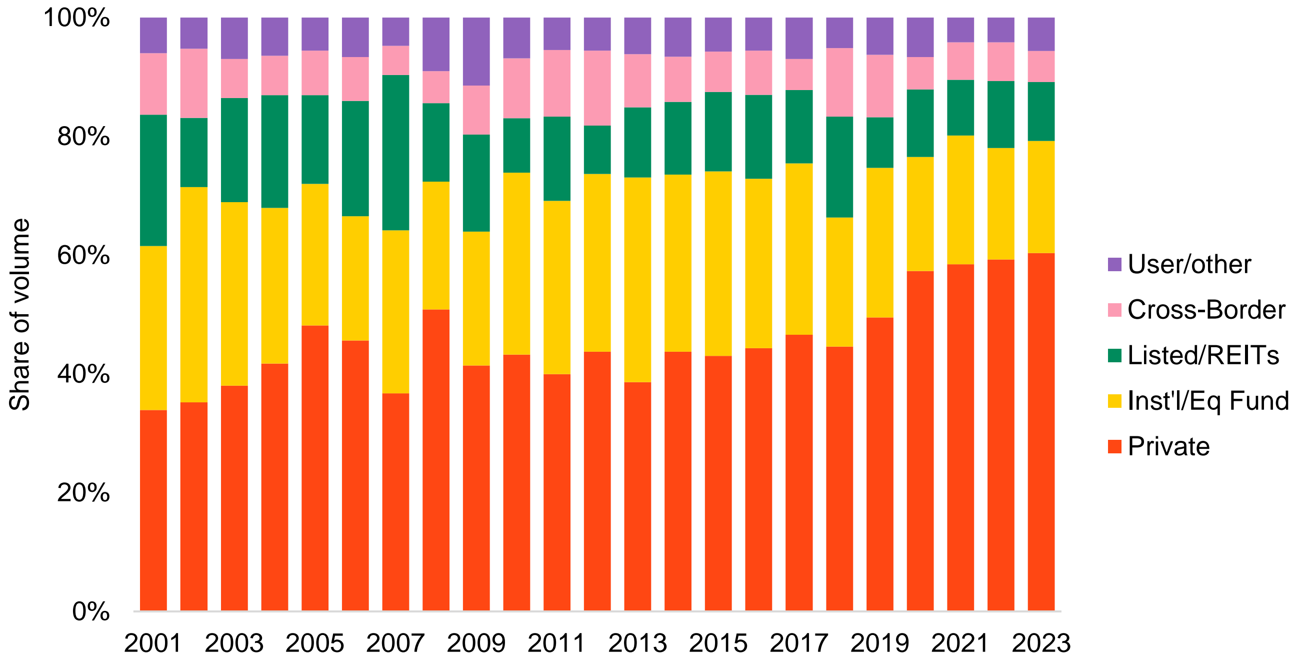


Exhibit 14: …and so have private sellers
Share of total annual CRE deal volume by seller type



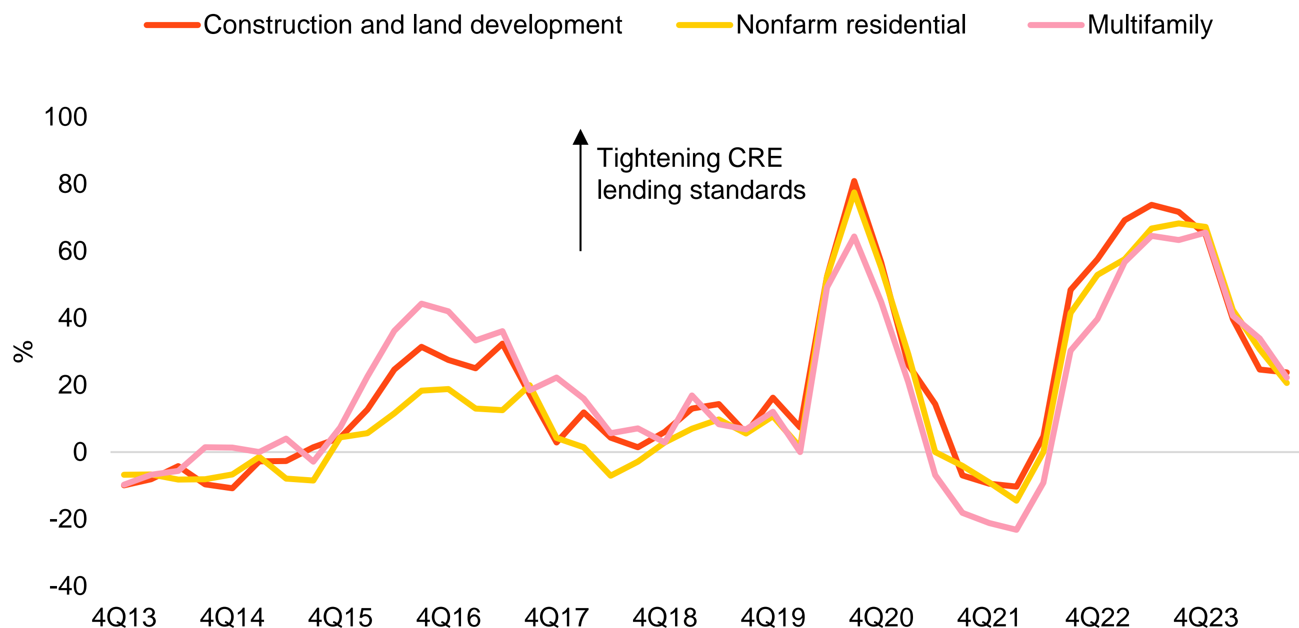
Source for both charts: Real Capital Analytics, BlackRock. Note: Excludes transaction volume with unknown buyers (on average 2% of volume). Private refers to companies whose control is in private hands and whose business is primarily geared toward operating, developing, or investing in CRE. Institutional refers to an investor who is financially sophisticated and makes large investments, often held in very large portfolios of investments (i.e., banks, insurance companies, retirement funds, etc.). Equity funds refer to privately held and guided investment vehicles dedicated to CRE investment. A REIT, or Real Estate Investment Trust, is a corporation or business trust that combines or pools the capital of many investors to acquire or provide financing for property. "Cross-border" refers to if the buyer or a major capital partner is not headquartered in the same country in which the property is located.

More broadly, a recent survey from Deloitte suggests real estate investors are optimistic about how the CRE market will evolve over the next 12-18 months. The Deloitte 2025 Commercial Real Estate Outlook Survey captures responses from more than 880 global senior leaders at major CRE owners and investment companies (i.e., those with at least $75 million in assets under management). The survey found that over 68% of respondents anticipate improved fundamentals in the next 12-18 months in areas like property prices, transaction activity, and capital availability, a meaningful increase from 27% the year prior. 13% of respondents expected conditions to worsen (compared to 44% last year). Survey respondents saw the greatest opportunity over the next 12-18 months in Industrial/manufacturing, digital economy, multifamily, logistics/warehousing and hotel.

Bank lending standards for CRE loans remained in "tight" territory for the past nine quarters (3Q2022 – 3Q2024), per the Federal Reserve's Senior Loan Officer Opinion Survey (SLOOS) (Exhibit 15). The selective approach in CRE lending – as banks have looked to optimize the capital efficiency of their balance sheets – has underscored the importance of private capital as in the financial ecosystem, in our view. We expect this will result in additional financing opportunities for private lenders. For context, CRE loans on U.S. commercial bank balance sheets totaled $3 trillion as of October 23, per data from the Federal Reserve.

Exhibit 15: Bank lending standards remain in "tight" territory across CRE loan segments

Net percentage of domestic respondents tightening standards for CRE loans by loan type



Source: BlackRock, Board of Governors of the Federal Reserve System. As of the July 2024 Senior Loan Officer Opinion Survey (most recent available).

FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS/ PROFESSIONAL CLIENTS ONLY | NOT FOR PUBLIC DISTRIBUTION

GPDH1124E/M-3993591-11/17

Unless otherwise stated, all reference to $ are in USD.

Risk Warnings:

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. You may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

In the U.S., this material is for institutional use only – not for public distribution.

For investors in the Caribbean, any funds mentioned or inferred in this material have not been registered under the provisions of the Investment Funds Act of 2003 of the Bahamas, nor have they been registered with the securities regulators of Dominica, the Cayman Islands, the British Virgin Islands, Grenada, Trinidad & Tobago or any jurisdiction in the Organization of Eastern Caribbean States, and thus, may not be publicly offered in any such jurisdiction. Engaging in marketing, offering, or selling any fund from within the Cayman Islands to persons or entities in the Cayman Islands may be deemed carrying on business in the Cayman Islands. As a non-Cayman Islands person, BlackRock may not carry on or engage in any trade or business unless it properly registers and obtains a license for such activities in accordance with the applicable Cayman Islands law. In the Dominican Republic, any securities mentioned or inferred in this material may only be offered in a private character according to the laws of the Dominican Republic, falling beyond the scope of articles 1 numeral (31), 46 et al of Law 249-17 dated 19 December 2017, as amended and its Regulations. Since no governmental authorizations are required in such offering, any “securities” mentioned or inferred in this material have not been and will not be registered with the Stock Market Superintendency of the Dominican Republic (Superintendencia de Mercado de Valores de la República Dominicana), and these “securities” may only be circulated, offered, and sold in the Dominican Republic in a private manner based on the criteria established under Dominican laws and regulations.

IMPORTANT INFORMATION:

In **Canada**, this material is intended for permitted clients as defined under Canadian securities law, is for educational purposes only, does not constitute investment advice and should not be construed as a solicitation or offering of units of any fund or other security in any jurisdiction.

In **China,** this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, not applicable to Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services.

In **Singapore**, this document is provided by BlackRock (Singapore) Limited (company registration number:200010143N）for use only with institutional investors as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In **Hong Kong**, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. This material is for distribution to "Professional Investors" (as defined in the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) and any rules made under that ordinance.) and should not be relied upon by any other persons or redistributed to retail clients in Hong Kong.

In **Japan**, this is issued by BlackRock Japan. Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No375, Association Memberships: Japan Investment Advisers Association, The Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association) for Professional Investors only (Professional Investor is defined in Financial Instruments and Exchange Act).

In **South Korea**, this information is issued by BlackRock Investment (Korea) Limited. This material is for distribution to the Qualified Professional Investors (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations) and for information or educational purposes only and does not constitute investment advice or an offer or solicitation to purchase or sells in any securities or any investment strategies.

In **Australia** & **New Zealand**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (BIMAL) for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the Australian Corporations Act 2001 (Cth) and the New Zealand Financial Advisers Act 2008 respectively.

This material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should therefore assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. Refer to BIMAL's Financial Services Guide on its website for more information. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. BIMAL is a part of the global BlackRock Group which comprises of financial product issuers and investment managers around the world. BIMAL is the issuer of financial products and acts as an investment manager in Australia. BIMAL does not offer financial products to persons in New Zealand who are retail investors (as that term is defined in the Financial Markets Conduct Act 2013 (FMCA)). This material does not constitute or relate to such an offer. To the extent that this material does constitute or relate to such an offer of financial products, the offer is only made to, and capable of acceptance by, persons in New Zealand who are wholesale investors (as that term is defined in the FMCA).

BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Except where contrary to law, BIMAL excludes all liability for this information.

In **Brunei**, BlackRock does not hold a Capital Markets Services License and is therefore not licensed for conducting business in any regulated activity under the Securities Market Order, 2013. This document has been issued by BlackRock and is intended for the exclusive use of the recipient. The distribution of the information contained herein may be restricted by law and persons who access it are required to comply with any such restrictions. The information provided herein information is directed solely at persons who would be regarded as "Accredited Investors", "Expert Investors" or "Institutional Investors" in accordance with the Securities Market Order 2013

This material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) only and should not be relied upon by any other persons.

In the UK and Non-European Economic Area (EEA) countries: this is Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

In the European Economic Area (EEA): This document is marketing material. This is Issued by BlackRock (Netherlands) B.V. and is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded

For Investors in **Switzerland**: This document is marketing material. This document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA"). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: www.blackrock.com/finsa.

In **Italy**: For information on investor rights and how to raise complaints please go to https://www.blackrock.com/corporate/compliance/investor-right available in Italian.

For investors in **Israel**: BlackRock Investment Management (UK) Limited is not licenced under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the “Advice Law”), nor does it carry insurance thereunder.

The information contained in this document is intended strictly for Professional Clients as defined under the Dubai Financial Services Authority (“DFSA”) Conduct of Business (COB) Rules. The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock. The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public. The information contained in this document, may contain statements that are not purely historical in nature but are “forward-looking statements”. These include, amongst other things, projections, forecasts or estimates of income. These 44 forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The information contained in this document is intended strictly for non-natural Qualified Investors as defined **in the UAE** Securities and Commodities Authority’s Board Decision No. 3/R.M of 2017 concerning Promoting and Introducing Regulations. The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock. The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public. The information contained in this document, may contain statements that are not purely historical in nature but are “forward-looking statements”. These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The information contained in this document, may contain statements that are not purely historical in nature but are “forward-looking statements”. These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Blackrock Advisors (UK) Limited –Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit L15 - 01A, ICD Brookfield Place, Dubai International Financial Centre, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of ‘Advising on Financial Products’ and ‘Arranging Deals in Investments’ in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738).

In **Saudi Arabia**, the information contained in this document is intended strictly for sophisticated institutions. The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock. The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public. The information contained in this document, may contain statements that are not purely historical in nature but are "forward-looking statements". These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Kuwait

The information contained in this document is intended strictly for sophisticated institutions that are 'Professional Clients' as defined under the Kuwait Capital Markets Law and its Executive Bylaws.

The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock.

The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public.

The information contained in this document, may contain statements that are not purely historical in nature but are "forward-looking statements". These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials.

For investors in **Central America**, these securities have not been registered before the Securities Superintendence of the Republic of Panama, nor did the offer, sale or their trading procedures. The registration exemption has made according to numeral 3 of Article 129 of the Consolidated Text containing of the Decree-Law No. 1 of July 8, 1999 (institutional investors). Consequently, the tax treatment set forth in Articles 334 to 336 of the Unified Text containing Decree-Law No. 1 of July 8, 1999, does not apply to them. These securities are not under the supervision of the Securities Superintendence of the Republic of Panama. The information contained herein does not describe any product that is supervised or regulated by the National Banking and Insurance Commission (CNBS) in Honduras. Therefore any investment described herein is done at the investor's own risk. This is an individual and private offer which is made in Costa Rica upon reliance on an exemption from registration before the General Superintendence of Securities ("SUGEVAL"), pursuant to articles 7 and 8 of the Regulations on the Public Offering of Securities ("Reglamento sobre Oferta Pública de Valores"). This information is confidential, and is not to be reproduced or distributed to third parties as this is NOT a public offering of securities in Costa Rica. The product being offered is not intended for the Costa Rican public or market and neither is registered or will be registered before the SUGEVAL, nor can be traded in the secondary market. If any recipient of this documentation receives this document in El Salvador, such recipient acknowledges that the same has been delivered upon his request and instructions, and on a private placement basis. For Guatemala Investors, This communication and any accompanying information (the "Materials") are intended solely for informational purposes and do not constitute (and should not be interpreted to constitute) the offering, selling, or conducting of business with respect to such securities, products or services in the jurisdiction of the addressee (this "Jurisdiction"), or the conducting of any brokerage, banking, or other similarly regulated activities ("Financial Activities") in the Jurisdiction. Neither BLACKROCK, nor the securities, products and services described herein, are registered (or intended to be registered) in the Jurisdiction. Furthermore, neither BLACKROCK, nor the securities, products, services, or activities described herein, are regulated, or supervised by any governmental or similar authority in the Jurisdiction. The Materials are private, confidential and are sent by BLACKROCK only for the exclusive use of the addressee. The Materials must not be publicly distributed and any use of the Materials by anyone other than the addressee is not authorized. The addressee is required to comply with all applicable laws in the Jurisdiction, including, without limitation, tax laws and exchange control regulations if any.

In **Latin America**, for institutional investors and financial intermediaries only (not for public distribution). This material is for educational purposes only and does not constitute investment advice or an offer or solicitation to sell or a solicitation of an offer to buy any shares of any fund or security and it is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of your relevant jurisdiction. If any funds are mentioned or inferred in this material, such funds may not been registered with the securities regulators of Argentina, Brazil, Chile, Colombia, Mexico, Panama, Peru, Uruguay or any other securities regulator in any Latin American country and thus, may not be publicly offered in any such countries. The securities regulators of any country within Latin America have not confirmed the accuracy of any information contained herein. No information discussed herein can be provided to the general public in Latin America. The contents of this material are strictly confidential and must not be passed to any third party.

In **Colombia**, the sale of each fund discussed herein, if any, is addressed to less than one hundred specifically identified investors, and such fund may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia.

In **Chile**, the sale of each fund not registered with the CMF is subject to General Rule No. 336 issued by the SVS (now the CMF). The subject matter of this sale may include securities not registered with the CMF; therefore, such securities are not subject to the supervision of the CMF. Since the securities are not registered in Chile, there is no obligation of the issuer to make publicly available information about the securities in Chile. The securities shall not be subject to public offering in Chile unless registered with the relevant registry of the CMF.

IN MEXICO, FOR INSTITUTIONAL AND QUALIFIED INVESTORS USE ONLY. INVESTING INVOLVES RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL. THIS MATERIAL IS PROVIDED FOR EDUCATIONAL AND INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SHARES OF ANY FUND OR SECURITY. This information does not consider the investment objectives, risk tolerance or the financial circumstances of any specific investor. This information does not replace the obligation of financial advisor to apply his/her best judgment in making investment decisions or investment recommendations. It is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of Mexico. If any funds, securities or investment strategies are mentioned or inferred in this material, such funds, securities or strategies have not been registered with the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, the “CNBV”) and thus, may not be publicly offered in Mexico. The CNBV has not confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services (“Investment Services”) is a regulated activity in Mexico, subject to strict rules, and performed under the supervision of the CNBV. These materials are shared for information purposes only, do not constitute investment advice, and are being shared in the understanding that the addressee is an Institutional or Qualified investor as defined under Mexican Securities (Ley del Mercado de Valores). Each potential investor shall make its own investment decision based on their own analysis of the available information. Please note that by receiving these materials, it shall be construed as a representation by the receiver that it is an Institutional or Qualified investor as defined under Mexican law. BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión (“BlackRock México Operadora”) is a Mexican subsidiary of BlackRock, Inc., authorized by the CNBV as a Mutual Fund Manager (Operadora de Fondos), and as such, authorized to manage Mexican mutual funds, ETFs and provide Investment Advisory Services. For more information on the Investment Services offered by BlackRock Mexico, please review our Investment Services Guide available in www.blackrock.com/mx. This material represents an assessment at a specific time and its information should not be relied upon by the you as research or investment advice regarding the funds, any security or investment strategy in particular. Reliance upon information in this material is at your sole discretion. BlackRock México is not authorized to receive deposits, carry out intermediation activities, or act as a broker dealer, or bank in Mexico. For more information on BlackRock México, please visit: www.blackRock.com/mx. BlackRock receives revenue in the form of advisory fees for our advisory services and management fees for our mutual funds, exchange traded funds and collective investment trusts. Any modification, change, distribution or inadequate use of information of this document is not responsibility of BlackRock or any of its affiliates. Pursuant to the Mexican Data Privacy Law (Ley Federal de Protección de Datos Personales en Posesión de Particulares), to register your personal data you must confirm that you have read and understood the Privacy Notice of BlackRock México Operadora. For the full disclosure, please visit www.blackRock.com/mx and accept that your personal information will be managed according with the terms and conditions set forth therein.

State of Qatar and the Qatar Financial Centre (QFC)

The information contained in this document is intended strictly for sophisticated institutions.

The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock Investment Management (UK).

The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public.

The information contained in this document, may contain statements that are not purely historical in nature but are “forward-looking statements”. These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

In **Peru**, this private offer does not constitute a public offer, and is not registered with the Securities Market Public Registry of the Peruvian Securities Market Commission, for use only with institutional investors as such term is defined by the Superintendencia de Banca, Seguros y AFP.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

Any opinions, forecasts represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

If you are an intermediary or third-party distributor, you must only disseminate this material to other Professional Investors as permitted in the above-specified jurisdictions and in accordance with applicable laws and regulations.

Certain information contained herein has been obtained from published sources and from third parties, including without limitation, market forecasts, internal and external surveys, market research, publicly available information and industry publications. In addition, certain information contained herein may have been obtained from companies in which investments have been made by entities affiliated with BlackRock. Although such information is believed to be reliable for the purposes used herein, neither the Fund nor BlackRock assumes any responsibility for the accuracy or completeness of such information. Reliance upon information in this material is at the sole discretion of the reader. Certain information contained herein represents or is based upon forward-looking statements or information. BlackRock and its affiliates believe that such statements and information are based upon reasonable estimates and assumptions. However, forward-looking statements are inherently uncertain, and factors may cause events or results to differ from those projected. Therefore, undue reliance should not be placed on such forward-looking statements and information.

© 2024 BlackRock, Inc. or its affiliates. All Rights Reserved. BLACKROCK,BLACKROCK SOLUTIONS, iSHARES, BUILD ON BLACKROCK and SO WHAT DO I DO WITH MY MONEY are trademarks of BlackRock, Inc. or its affiliates. All other trademarks are those of their respective owners.