BlackRock Investment Risks Statement

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Introduction

BlackRock's role as a fiduciary to our clients is to help them navigate investment risks and opportunities. The money we manage is not our own – it belongs to our clients, many of whom make their own asset allocation and portfolio construction decisions. Our clients have a range of goals and are looking to invest across asset classes and investment themes. It is ultimately up to them to decide which of BlackRock's products and solutions best meet their needs.

As a fiduciary, our approach to investing is grounded in three principles:

- We start by understanding the client's investment objectives and provide choice to meet their needs;
- We seek the best risk-adjusted returns within the scope of the mandate the client gives us;
- And we underpin our work with research, data, and analytics.

Building on the firm's strengths across risk management and our Aladdin® technology capabilities[1], we are committed to applying industry best practice to our investment risk management framework. Where risks are quantifiable, we apply systematic risk management approaches at an issuer and portfolio level. Risks which appear as external shocks to markets are managed using periodic scenario analysis.

This document details BlackRock's approach to managing investment risk considerations across our firmwide processes, defines several of the risks we consider and outlines the governance and oversight mechanisms which underpin our approach. It applies across BlackRock's investment divisions and investment teams and is reviewed at least annually to reflect changes within our business.

BlackRock's Approach to Investment Risk

As an asset manager, it is BlackRock's fiduciary duty to consider material risks where they may impact the financial returns of investments we make on behalf of our clients. The risks we consider can be intra-market (e.g., security-specific) or extra-market (e.g., geopolitics or central bank policy). How we consider such risks, and how they are incorporated into our investment processes, depends on the particular investment strategy, guidelines, risk tolerance, and time horizon of the fund or client on whose behalf we are managing assets.

At BlackRock, we focus on helping our clients try to reach their long-term investment goals through building resilient and well-constructed portfolios. We serve clients who have a wide range of investment convictions, preferences, time horizons, and risk tolerances. We offer choice to help them reach their investment goals and we manage their assets consistent with their objectives and instructions. We incorporate into our firmwide processes relevant, material investment risk information and believe that doing so can provide better outcomes for our clients over the long term.

[1] BlackRock's Aladdin® platform is a financial technology platform designed for institutional use only and is not intended for end investor use.

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Investment Processes
All components of BlackRock's investment processes are the responsibility of our investment teams and investment management. Each investment team considers relevant investment risks and how they may affect the expected outcome for clients.

Additionally, BlackRock's independent risk management function, the Risk and Quantitative Analysis (RQA) group, reviews relevant investment risks with each investment team. Intra-market risks that are quantifiable are managed using systematic approaches at an issuer or portfolio level. Extra-market risks are managed using periodic scenario analysis.

The relevance and materiality of different investment risks will vary on, for example, the objective of a particular portfolio or whether a portfolio is actively managed or tracks an index.

In addition, the BlackRock Investment Stewardship team engages with investee companies on material business risks to understand how these are being managed to deliver long-term financial returns for our clients. BlackRock cannot and does not dictate a company's strategy or its implementation. That is the responsibility of a company's management and its board. Read more about our approach to stewardship in our Annual Report (p.26).

Data and Analytics
We are continuously expanding access to high quality data and information sources through Aladdin for public market securities. BlackRock's investment teams have access to a range of third-party data sets and internal materiality-focused analytics across core Aladdin tools, allowing investors to identify appropriate data or information for their unique investment process.

The Aladdin platform also offers a set of analytic tools which provide investors with analysis capabilities to help identify financially material investment risks and opportunities.

In private markets, which inherently have less availability and standardization of financial data relative to public markets, we continue to progress multiple efforts to better collect, aggregate, evaluate and measure financially material data or information from private companies and third parties.

Transparency
Where relevant, BlackRock's management of investment risks is disclosed in regular fund documentation and client disclosures.

Investment Risk Definitions

Investment risk is the risk that portfolio exposures are not consistent with investment objectives, mandates and/or client guidelines. Risk can be on a relative basis (vs. a benchmark), or on an absolute basis depending on the type of portfolio.

Our investment risk framework is flexible across investment teams, strategies and types of risk which may vary by issuer, sector, product, mandate, and time horizon. It is useful to define two broad categories of risk: intra-market risks, those that fall within the financial market system and extra-market risks, those that are external to financial markets. There may be overlap between these two categories. This is not intended as an exhaustive list of all possible risks and not all risks will be relevant for every investment process.

Intra-Market Investment Risks

Risks that fall within the financial market system and result from interactions between market participants (companies or issuers). These risks appear at either the company or issuer level, or across an investment portfolio of companies. Examples include the risk that a portfolio is invested in only a few companies that are very similar in nature (concentration risk) or the risk that a stock or bond cannot be sold within a short time window (liquidity risk).

Concentration Risk – The risk that a portfolio is concentrated in particular assets or in particular risk factors resulting in increased risk of unexpected or extreme outcomes, even after controlling for expected volatility levels. This is a key element of portfolio risk which can be managed through diversification across asset types or risk factors.

Credit Risk – The risk that the issuer of a debt security (i.e., the borrower) will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

Environmental, Social and/or Governance Risk – The risk that exposure to environmental, social and/or governance issues may impact the financial performance or operational resilience of an issuer over time. Environmental risks may include water use or land use (which may be impacted by regulations or climate change); Social risks may include forced labor issues or human capital management; Governance risks may include board structure, tax compliance or anti-bribery and corruption practices (or lack thereof). See BlackRock's ESG Integration Statement for additional information.

Liquidity Risk –The risk that in the event an investment fund is forced to generate significant liquidity or be liquidated, that assets may be traded at below market prices or outside a reasonable time frame. The value of an asset is the price at which a buyer and a seller will willingly transact at a given point in time. Adequate liquidity is the ability to meet investment objectives or redemptions beyond reasonable transaction-cost expectations.

Volatility Risk – The risk that results from asset price changes over time. Expected volatility is a measure of how much the price of an asset fluctuates over time. Understanding the expected volatility of a portfolio is the single most important measure of that portfolio's expected investment risk. The biggest challenge in forecasting volatility is the speed with which it can change. Sometimes it surges rapidly, and the magnitude can be very large. As a result, the risks of assets and portfolios can change significantly, even when the underlying holdings are static.

Extra-Market Investment Risks

Risks that fall outside of the financial market system. These appear as shocks to the financial system, where market participants, like companies, can react to a shock but do not have the power to influence it. These extra-market risks can be linked. Examples include interest rate announcements, war between countries or catastrophic weather events.

Event Risk – The risk that specific incidents cause the sudden repricing of assets. Many portfolio risk measures use historical data to understand potential future portfolio outcomes. However specific market-relevant events, such as the COVID pandemic or the 2008 global financial crises, can cause portfolio outcomes that are not explained by history. These are event risks.

Geopolitical Risk – The risk that arises from economic, social, and political changes that can affect an investment's value. It includes the risk of loss stemming from changes in a country's government, policies, or geopolitical events that can cause volatile market conditions and affect the performance of investments, and so is often a form of event risk.

Macroeconomic Risks – The risk arising from changes in asset value driven by changes in the real economy. This can take the form of asset price changes directly linked to inflation, interest rates or foreign exchange rates, or indirect linkages to those same factors and also to other macroeconomic data such as growth indicators or measures of economic activity.

Sustainability Risk – The risk that may result from environmental, social and/or governance related circumstances. While environmental, social and/or governance risks are typically measured at an intra-market level (see above), in terms of impact to a market participant, these risks give exposure to extra-market sustainability risk. This may include physical and/or transition risks.

Oversight and Governance of Investment Risks

BlackRock employs a three-lines of defense approach to managing investment risks in client portfolios. BlackRock's investment teams and business management are the primary risk owners, or first line of defense.

BlackRock's risk management function, RQA, is responsible for BlackRock's Investment and Enterprise risk management frameworks and serves as a key part of the second line of defense along with BlackRock Legal and Compliance (L&C). Where investment risk metrics are prescribed by regulators or explicit in fund objectives, the Portfolio Compliance function (part of L&C) conducts systematic ongoing fund reviews to ensure adherence.

In addition, RQA has second line control processes to ensure portfolio risks and performance targets are properly understood and consistent with client objectives. These control processes provide an independent assessment of investment risk-taking and include systematic risk scans and analysis (e.g. liquidity, concentration) on a fund-by-fund basis, regular reviews with portfolio managers to discuss and constructively challenge risk positioning, and established policies for how specific risks will be managed. RQA develops analytic and risk management tools in partnership with Aladdin Engineering to support its risk management program and participates in new product development processes to review risk, risk mitigation and assess performance achievability. RQA have dedicated asset class and subject matter experts that partner with risk managers and businesses to oversee risks across the platform.

The third line of defense, BlackRock's Internal Audit function, operates as an assurance function. The mandate of Internal Audit is to objectively assess the adequacy and effectiveness of BlackRock's internal control environment to improve risk management, control, and governance processes.

The Investment Sub-Committee of BlackRock's Global Executive Committee (GEC) oversees firm wide investment processes. Members of the Sub-Committee include the firm's President, Head of Portfolio Management and Chief Risk Officer as well as global heads or sponsors of all of BlackRock's major investment platforms.