

BlackRock® SMA Solutions | Factor Tilts: US LARGE CAP 130-30 QUALITY VALUE STRATEGY

1st Quarter 2025

Strategy Investment Objective

The US Large Cap 130-30 Quality Value Strategy seeks to provide exposure to domestic companies and to provide a greater-than-benchmark exposure to Quality and Value factors using margin and shorting while improving after-tax returns through tax-loss harvesting techniques. Although ranges will vary in actual accounts, the Strategy targets 130% of its portfolio value in long positions and 30% in short positions and seeks to track its benchmark while achieving greater-than-benchmark exposure to Quality and Value factors. The Strategy seeks to improve after-tax performance through tax-loss harvesting techniques.

Investment process

Aperio uses multi-factor models and optimization software to construct portfolios of individual stocks that manage intended portfolio characteristics and exposures relative to the target benchmark shown here. Taking advantage of the price volatility in stocks, we monitor and systematically rebalance clients' portfolios to recognize losses from securities that have declined. Realized losses may be able to offset Schedule D capital gains generated by other investments.

Strategy Factors

The US Large Cap 130-30 Quality Value uses the S&P 500® Index as the benchmark and tilts the portfolio toward stocks with the following characteristics:

- Lower leverage
- Higher earnings yield and book-to-price ratio
- Higher earnings quality
- Higher profitability

Benchmark description

The S&P 500® Index is a capitalization-weighted index covering 500 large US companies chosen by Standard & Poor's for market size, liquidity, and industry group representation.

See "Important notes" for risks associated with short selling and trading on margin.

US Large Cap 130-30 Quality Value Composite vs. S&P 500 as of 03/31/25 (%)				
	3-Month	YTD	1-Year	Inception
Pre-Tax Returns				
Aperio Strategy (Net)	-6.34	-6.34	4.58	17.94
Benchmark (Gross)	-4.27	-4.27	8.25	21.45
Active Return (Net)	-2.07	-2.07	-3.67	-3.51
After-Tax Returns				
Aperio Strategy (Net)	-3.56	-3.56	10.67	24.72
Benchmark (Gross)	-4.35	-4.35	7.90	21.01
Active Return (Net)	0.79	0.79	2.77	3.71
TAX ALPHA	2.86	2.86	6.44	7.22

Composite inception date is 09/30/2022. For table to the left, composite performance is shown net of a 0.55% per annum management fee actual trading expenses, and reflects reinvestment of dividends and other income received. Benchmark performance is shown gross of management fees and commissions/expenses and reflects reinvestment of dividends and other income. After-tax performance is an estimate based upon the highest U.S. Federal and State tax rates applicable at the time, or other anticipated tax rates as specified by clients. All return data in the above table are annualized, except for 3-month and YTD. **Other financial professionals and service providers may charge additional fees not reflected here.**

Tax alpha

Capital losses realized in an Aperio portfolio managed in an SMA can offset capital gains generated by other investments, thereby creating a tax benefit commonly referred to as "tax alpha". It is defined as the after-tax active return minus the pre-tax active return, and can be considered a measure of the value added through active tax management. A positive number indicates a potential tax savings (from realized capital losses), while a negative number indicates a potential tax drag (from realized capital gains). Aperio's tax-loss harvesting strategy seeks to generate positive tax alpha. Past performance is not indicative of future results. Please see Important Notes for more information.

Sample Portfolio Characteristics as of 03/31/25

Overview statistics	US Large Cap 130-30 Quality Value	S&P 500
Long Exposure	130%	100%
Short Exposure	30%	0%
Number Long Securities	585	503
Number Short Securities	255	--
Forecast Tracking Error*	1.04%	0.00%
Forecast Volatility*	15.09%	15.08%
Forecast Beta*	1.00	1.00
Dividend Yield	1.47%	1.34%

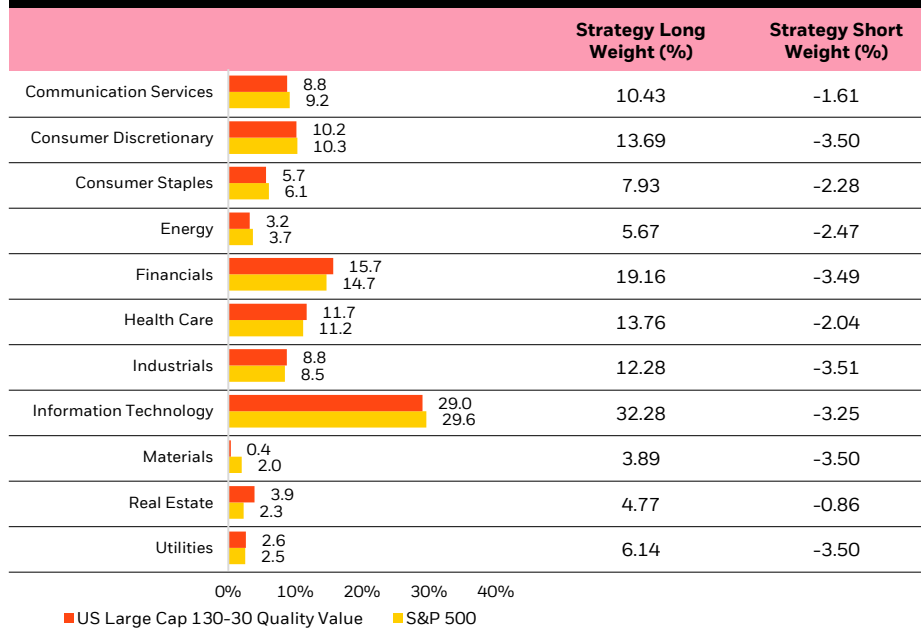
*Forecast risk measures. See Important Notes for more information.

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Sample Sector Allocation (Net) (%)



Sample Top 5 Long Holdings (%)

Company	Weight
APPLE INC	7.02
MICROSOFT CORP	5.85
NVIDIA CORP	5.61
AMAZON.COM INC	3.74
ALPHABET INC	3.46

Sample Top 5 Short Holdings (%)

Company	Weight
NEW JERSEY RESOURCES CORP	-0.49
LENNAR CORP	-0.46
GENERAL MILLS INC	-0.46
CMS ENERGY CORP	-0.41
VULCAN MATERIALS CO	-0.40

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Sample information on this page for illustrative purposes only. Actual accounts will vary.

Important notes

This material is for informational and illustrative purposes only, for the sole use of the recipient, and sourced from internal and MSCI Barra data. The information contained herein was carefully compiled from both internal data and external data, but we do not guarantee its accuracy. The information contained herein was carefully compiled from both internal data and external data, but we do not guarantee its accuracy. It is not intended to provide, and should not be relied on for, legal, accounting, or tax advice. Due to the complexity of the tax law, not every single taxpayer will face the situations described herein exactly as calculated or stated. Please consult with a qualified professional in these areas. The strategies referenced may not be suitable for all investors; suitability depends on an investor's individual circumstances and objectives. None of the examples should be considered advice tailored to the needs of any specific investor or a recommendation to buy or sell any securities.

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. We cannot provide any assurances that any strategies will perform as described in our materials. Past performance is not indicative of future results. Due to the complexity of tax law, not every single taxpayer will face the situations described herein exactly as presented. Each investor's situation may be different in terms of income tax, estate tax, and asset allocation. There may be situations in which the recommendations would not apply. Taxpayers paying lower tax rates than those assumed or without taxable income would earn smaller tax benefits from tax-advantaged indexing, or even none at all, compared to those described.

The performance shown is for the Aperio US Large Cap 130-30 Quality Value Composite, which includes fully discretionary portfolios managed by Aperio in this strategy. Fully discretionary portfolios are those without legacy holdings, constraints, guidelines, or other client-driven requirements that would impact the intended strategy. Composite performance is shown net of a 0.55% per annum management fee actual trading expenses, and reflects reinvestment of dividends and other income received. Benchmark performance is shown gross of management fees and commissions/expenses and reflects reinvestment of dividends and other income. After-tax performance is an estimate based upon the highest U.S. Federal and State tax rates applicable at the time, or other anticipated tax rates as specified by clients. Actual after-tax returns achieved may be lower than reported due to an investor's specific tax circumstances. Clients who do not pay the assumed tax rates or client-specified rates or clients who do not have offsetting capital gains and income would not achieve the after-tax returns reported. **Other financial professionals and service providers may charge additional fees not reflected here.**

Model Risk: The sample portfolios are for illustrative purposes only and not based on any actual portfolio. Client portfolios will vary. Sample portfolio holdings and characteristics have been calculated using an MSCI Barra risk model. Models by their nature are simplifications of reality, and real-world events may prove those simplifications inappropriate. Among other things, errors can occur at any point from design through implementation.

Forecast risk measures are not a forecast of future performance. These are measures of potential risk based on sample portfolio and benchmark holdings, and risk model calculations as of the date of this document. Any changes in underlying assumptions, such as volatility, will alter these numbers, potentially significantly.

Short Sales: In a short sale, a portfolio sells securities it does not own. To accomplish this, the portfolio borrows the securities at a fee from the custodian (the lender). The position is "closed" by "returning" the security (buying a replacement security on the lender's behalf). This "return" obligation to replace the borrowed securities does not typically have a specified "maturity" date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss: The price at which a portfolio must buy "replacement" securities could increase without limit. A portfolio may experience losses on short positions that are not offset by gains on long positions.

Possibility of Margin Calls or Liquidations: Borrowings are usually from securities brokers and dealers and are typically secured by a portfolio's securities and other assets. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures a portfolio's obligations, and if a portfolio is unable to provide additional collateral, the broker or dealer could close either long and/or short positions held in a portfolio's account to satisfy a portfolio's obligations. Closing positions in that manner could have extremely adverse consequences, including initiating closing transactions at disadvantageous times and prices and the acceleration of tax consequences.

The strategy is actively managed, and the structure may be at variance to the benchmark index. Indexes represent unmanaged groups of securities. You cannot invest directly in an index. Reference to an index does not imply that an account would achieve returns, volatility, or other results similar to that index. The S&P 500® index is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and has been licensed for use by Aperio. S&P® is a registered trademark of Standard & Poor's Financial Services, LLC ("S&P") and has been licensed for use by SPDJI and sublicensed for certain purposes by Aperio. No Aperio strategy is sponsored, endorsed, sold, or promoted by SPDJI, Dow Jones, S&P, or their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such strategies, nor do they have any liability for any errors, omissions, or interruptions of any index.