

June 2025

BlackRock®

Healthcare Peer Risk Study

FY 2024 Allocations and Reporting

Sample Analysis

THIS SAMPLE ANALYSIS IS FOR ILLUSTRATIVE
PURPOSES ONLY AND CONTAINS PLACEHOLDER DATA.

FOR USE WITH INSTITUTIONAL INVESTORS ONLY – NOT FOR FURTHER DISTRIBUTION

What

is the Healthcare Peer Risk Study

Who

is included in the analysis

Where

is the data sourced from

How

is the analysis compiled

When

is the data as of

Industry thought leadership

Our study provides an in-depth analysis of healthcare portfolios, including asset allocation, expected returns, risk factor decomposition, stress testing and reallocation scenarios

Coverage

Our analysis covers 80 hospitals and health systems across the US; peer groups are selected based on cash and investment assets, system type, location, and other factors

Sourcing

Data is sourced from public, audited financial statements for each hospital/health system included in the study, and, in limited cases, supplemented with third-party investment databases

Capital market assumptions (CMAs)

Asset allocations are mapped to an asset class represented by an index/proxy with an associated expected risk and return using the Aladdin® platform and our 10yr CMAs

Latest annual reports

Fiscal year end varies across hospitals and health systems. Refer to “Fiscal 2024 Cohort” summary for the reporting dates of each organization.

Important Info

Source: BlackRock as of June 2025. Data is sourced from fiscal year end 2024 public financial statements. See Reference and Methodology section for additional details on the methodology used in this study, including key decisions made and limitations. There is no guarantee that the Capital Market Assumptions will be achieved, and actual returns could be significantly higher or lower than those shown. Please refer to the “Capital Market and Modeling Assumptions” and “Asset Class Mapping” slides in the Reference and Methodology section for more information.

What Makes Health System Investors Unique...



Complexity of Operations

- > The finance function at Health Systems (HS) is extremely complex managing operational finance, debt/liabilities, and investments. Generally, the teams are resource constrained.
- > Only considering investments, there are **multiple pools** with **differing goals/objectives/liabilities**. These include unrestricted (liquidity/growth), restricted (by donor or debt covenant), pension (corporate, church), health insurance, captive insurance, defined contribution, and strategic investing



Balance Sheet Assets

- > Looking just at the balance sheet or long-term assets, they serve two primary functions. First, they provide an **operational backstop** in the case of negative operating margin. Secondly, they provide potential **growth** of the financial wherewithal of the Organization to continue their mission into the future.
- > These two goals can be seemingly at odds during years like 2022, when markets and operating performance were both challenged. Allocators in this area must be strategic in their use of alternatives, to **preserve more liquidity**, compared to investors with more permanent sources of capital and more certain spending policies.
- > HS investors are facing **increased expense inflation**, with expenses up 10% and 8%, respectively in 2024 and 2023 across the largest systems in the US according to our Peer Risk Study. This is important because financial counterparties judge HS based on the size of their cash and unrestricted assets, compared to the daily expenses of the organization using **Days Cash on Hand**.



How can Clients and Consultants use the Peer Risk Study

- > The analysis can help drive **dialogue**, **debate**, **education** and influence decisions on the Strategic Asset Allocation
- > The analysis is designed to help answer questions like:
 - > How are investment **returns** and **risk** contributing to an enterprise's balance sheet and financial strength?
 - > What new **needs** are emerging in enterprise allocations?
 - > How well **positioned** are healthcare portfolios to withstand **future** stressors?

Source: BlackRock as of June 2025, based upon data from public and audited annual financial statements as of fiscal year end 2024. The views expressed are as of June 2025 and subject to change with market conditions. The ideas included in this material should not be construed as investment advice or a recommendation regarding any investment or investment strategy. Neither asset allocation nor diversification can guarantee profit or prevent a loss.

The current healthcare enterprise themes are...



Continued
Operational
Pressure



Persistent
Market
Volatility



Structural
Industry,
Demographic
& Policy
Shifts



Continued
M&A Activity



Growing
Focus on
Strategic &
Venture
Initiatives

...driving the need for balance sheet to work harder & smarter

- **Finetuning** governance and enterprise risk management
- **Redefining** portfolio buckets and **optimizing** strategic asset allocation
- **Aligning** liquidity while seeking to **eliminate cash drag**
- **Growing and diversifying** balance sheets with private markets
- **Adopting** Innovative structures designed to maximize returns

Source: BlackRock as of June 2025. The ideas included in this material should not be construed as investment advice or a recommendation regarding any investment or investment strategy.

Healthcare Peer Risk Study – Fiscal Year 2024 Cohort

System Name	Fiscal Year End	Total Cash & Investments (\$B)	Credit Ratings (Moody's/S&P/Fitch)	System Name	Fiscal Year End	Total Cash & Investments (\$B)	Credit Ratings (Moody's/S&P/Fitch)
AdventHealth [FL]	Dec	11.41	Aa2/AA/AA	City of Hope [CA]	Sep	4.47	A3/A/NR
Adventist Health [CA]	Dec	2.82	NR/BBB+/BBB+	Cleveland Clinic [OH]	Dec	14.8	Aa2/AA/NR
Advocate Health [IL]	Dec	21.95	Aa3/AA/AA	CommonSpirit Health [IL]	Jun	19.16	A3/A-/A-
Allina Health [MN]	Dec	3.16	A1/A+/A+	Corewell Health [MI]	Dec	9.37	Aa3/AA/NR
Ascension Health [MO]	Jun	19.39	Aa2/AA/AA+	Dartmouth Health [NH]	Jun	1.72	NR/A/A
Atlantic Health System [NJ]	Dec	3.25	Aa3/AA-/NR	Endeavor Health [IL]	Dec	5.45	Aa3/AA-/NR
Ballad Health [TN]	Jun	1.67	A3/A-/A	Fairview Health Services [MN]	Dec	2.08	Baa1/BBB+/NR
Banner Health [AZ]	Dec	9.87	NR/AA-/AA-	Franciscan Alliance [IN]	Dec	3.19	Aa3/NR/AA
Baptist Health South Florida [FL]	Sep	5.01	A1/AA-/NR	Franciscan Missionaries of Our Lady Health System [LA]	Jun	2.73	A2/A/NR
Baptist Health System [KY]	Aug	2.40	A1/NR/A+	Froedtert-ThedaCare Health [WI]	Dec	3.90	NR/AA-/AA-
BayCare Health System [FL]	Dec	6.87	Aa2/NR/AA	Hackensack Meridian Health [NJ]	Dec	5.66	NR/AA-/AA-
Baylor Scott & White Health [TX]	Jun	11.16	Aa2/AA-/NR	Hartford HealthCare [CT]	Sep	3.47	NR/A/A+
Baystate Health [MA]	Sep	1.04	NR/A/A+	Henry Ford Health [MI]	Dec	4.32	A2/A/NR
Beacon Health System [IN]	Dec	1.12	NR/AA-/AA-	Honor Health [AZ]	Dec	1.96	A2/NR/A+
Beth Israel Lahey Health [MA]	Dec	10.33	A3/A/NR	Hospital for Special Surgery [NY]	Dec	1.32	A1/A+/NR
BJC HealthCare [MO]	Dec	10.33	Aa2/AA/NR	Houston Methodist [TX]	Dec	8.25	NR/AA/NR
Bon Secours Mercy Health [OH]	Dec	8.07	A1/A+/AA-	Indiana University Health [IN]	Dec	8.82	Aa2/AA/AA
Carilion Clinic [VA]	Sep	1.88	Aa3/AA-/NR	Inova Health [VA]	Dec	9.94	Aa2/AA+/NR
Cedars-Sinai Health System [CA]	Jun	7.34	Aa3/AA-/AA-	Intermountain Health [UT]	Dec	18.40	Aa1/AA+/NR
CHRISTUS Health [TX]	Jun	3.01	A1/A/NR	John Muir Health [CA]	Dec	1.99	NR/A+/A

Source: BlackRock as of June 2025. Data is sourced from fiscal year end 2024 public financial statements. This cohort represents a subset of 80 hospitals and health systems with readily available public financial statement disclosures. Total Cash & Investments represent total unrestricted and restricted cash and investments; please note rating agencies typically refer to unrestricted cash and investments as available to the organization. The state represents where a system is headquartered. For systems which are going through or recently completed a merger or acquisition, system type reflects merged entity.

Healthcare Peer Risk Study – Fiscal Year 2024 Cohort

System Name	Fiscal Year End	Total Cash & Investments (\$B)	Credit Ratings (Moody's/S&P/Fitch)	System Name	Fiscal Year End	Total Cash & Investments (\$B)	Credit Ratings (Moody's/S&P/Fitch)
Johns Hopkins Health System [MD]	Jun	5.90	Aa2/AA-/AA-	Rochester Regional Health [NY]	Dec	1.25	NR/BBB+/NR
Kaiser Permanente [CA]	Dec	68.32	NR/AA-/AA-	Rush University Medical Center [IL]	Jun	2.97	A1/A+/AA-
Mass General Brigham [MA]	Sep	17.59	Aa3/AA-/NR	RWJ Barnabas Health [NJ]	Dec	5.03	A1/AA-/NR
Mayo Clinic [MN]	Dec	18.31	Aa2/AA/NR	Sanford Health [SD]	Dec	3.24	NR/A+/AA-
McLeod Health [SC]	Sep	1.83	NR/AA/AA-	Scripps Health [CA]	Sep	5.14	NR/AA-/AA
MedStar Health [MD]	Jun	3.49	A2/A/NR	Sentara Health [VA]	Dec	8.44	Aa2/AA/NR
Memorial Hermann Health System [TX]	Jun	5.99	Aa3/AA-/NR	SSM Health [MO]	Dec	3.57	NR/A+/AA-
Memorial Sloan Kettering Cancer Center [NY]	Dec	8.63	Aa3/AA-/AA	St. Luke's Health System [ID]	Sep	1.58	Aa2/AA/NR
Montefiore Health System [NY]	Dec	2.51	Baa3/BBB-/NR	Stanford Health Care [CA]	Aug	6.36	Aa3/AA-/AA
NewYork-Presbyterian Hospital [NY]	Dec	10.57	Aa2/NR/AA	Sutter Health [CA]	Dec	11.33	A1/A+/A+
Northwell Health [NY]	Dec	9.59	A3/A-/A-	Texas Health Resources [TX]	Dec	8.40	Aa2/AA/NR
Northwestern Memorial HealthCare [IL]	Aug	12.01	Aa2/AA+/NR	Thomas Jefferson University [PA]	Jun	4.49	A3/A/A
Novant Health [NC]	Dec	4.80	A1/A+/AA-	Trinity Health [MI]	Jun	16.99	Aa3/AA-/AA-
Ochsner Clinic Foundation [LA]	Dec	2.46	A3/A/NR	UnityPoint Health [IA]	Dec	3.67	A1/NR/AA-
OhioHealth [OH]	Jun	8.19	Aa2/AA+/AA+	University Hospitals Health System [OH]	Dec	3.11	A2/A/NR
Oregon Health & Science University [OR]	Jun	3.34	Aa3/A+/AA-	University of Colorado Health [CO]	Jun	7.03	Aa2/AA/AA
Piedmont Healthcare [GA]	Jun	4.42	A1/AA-/NR	University of Vermont Medical Center [VT]	Sep	1.34	A3/A/A
Presbyterian Healthcare Services [NM]	Dec	2.84	A1/AA-/AA	University of Pittsburgh Medical Center [PA]	Dec	7.55	A2/A/A
Providence St. Joseph Health [WA]	Dec	9.12	A2/A/A	Vanderbilt University Medical Center [TN]	Jun	2.24	NR/A/A
Renown Health [NV]	Jun	1.13	NR/A/A+	Yale New Haven Hospital [CT]	Sep	4.34	NR/AA-/A+

Source: BlackRock as of June 2025. Data is sourced from fiscal year end 2024 public financial statements. This cohort represents a subset of 80 hospitals and health systems with readily available public financial statement disclosures. Total Cash & Investments represent total unrestricted and restricted cash and investments; please note rating agencies typically refer to unrestricted cash and investments as available to the organization. The state represents where a system is headquartered. For systems which are going through or recently completed a merger or acquisition, system type reflects merged entity.

Enterprise Dashboard

Label	Fiscal Year End	Income Statement					Cash Flow Statement		Balance Sheet			Financial Strength		
		Op Revenue (\$m)	Op EBITDA (\$m) ³	Op EBITDA Change YoY (%)	Op EBITDA Margin (%) ⁴	Daily OpEx-DA Change YoY (%)	Cash from Ops (\$m)	Cash from Ops Change YoY (%)	Total Cash & Inv (\$m) ⁵	Long Term Debt (\$m)	Net Assets (\$m)	Credit Rating ⁷	Days Cash on Hand (all assets) ⁸	Cash to LTD (all assets) ⁸
HC Avg FY24 ¹		11,021	672	137%	7%	10%	621	754%	7,243	2,732	8,384	A+	268	2.9
Peer Average ²		16,540	1,159	38%	8%	9%	986	4176%	13,337	5,360	13,305	AA-	344	3.6
System 1	Dec '24	16,844	1,067	32%	6%	6%	475	-57%	21,946	3,405	15,548	AA	504	6.4
System 2	Dec '24	15,936	1,085	36%	7%	8%	942	41091%	14,800	4,689	16,824	AA	359	3.2
System 3	Jun '24	37,517	1,573	157%	4%	6%	1,382	239%	19,162	18,556	22,252	A-	191	1.0
System 4	Dec '24	8,916	794	25%	9%	13%	708	29%	5,657	2,919	6,718	AA-	251	1.9
System 5	Dec '24	19,795	1,978	13%	10%	10%	1,780	35%	21,006	4,609	25,457	AA	430	4.6
System 6	Dec '24	8,145	772	11%	9%	11%	108	-47%	8,626	3,168	9,991	AA-	419	2.7
System 7	Dec '24	6,211	1,100	4%	18%	5%	881	-28%	10,566	1,053	2,865	AA	611	10.0
System 8	Dec '24	18,610	1,250	17%	7%	10%	1,764	52%	9,593	4,907	8,205	A-	200	2.0
System 9	Dec '24	9,567	743	42%	8%	9%	795	114%	5,030	3,426	6,298	A+	206	1.5
System 10	Jun '24	23,857	1,232	48%	5%	9%	1,023	337%	16,986	6,870	18,896	AA-	271	2.5

Source: BlackRock based upon data from public and audited annual financial statements as of fiscal year end 2024.

Note: This set of healthcare systems represents a subset of the 80 organizations included in this study. Unless otherwise noted, all averages in this study are straight averages.

1 The HC Avg FY24 includes all 80 organizations analyzed in this study. It is based on taking a straight average of the asset allocations for the 80 systems. Days Cash on Hand and Cash to LTD formulas are applied to that average asset allocation.

2 The Peer Average represents the straight average of the organizations selected as the peer group for this presentation. The peer group is comprised of the systems shown above. Days Cash on Hand and Cash to LTD are calculated by taking a straight average of these metrics across the peer group.

3 Operating EBITDA is calculated as operating income before depreciation & amortization, interest, and tax expenses that are included in total operating expenses in financial statements.

4 Operating EBITDA Margin is calculated as operating EBITDA divided by Operating Revenue. HC Avg FY24 and Peer Average EBITDA figures are calculated as straight averages.

5 All Assets Cash & Inv represents total unrestricted and restricted cash and investments

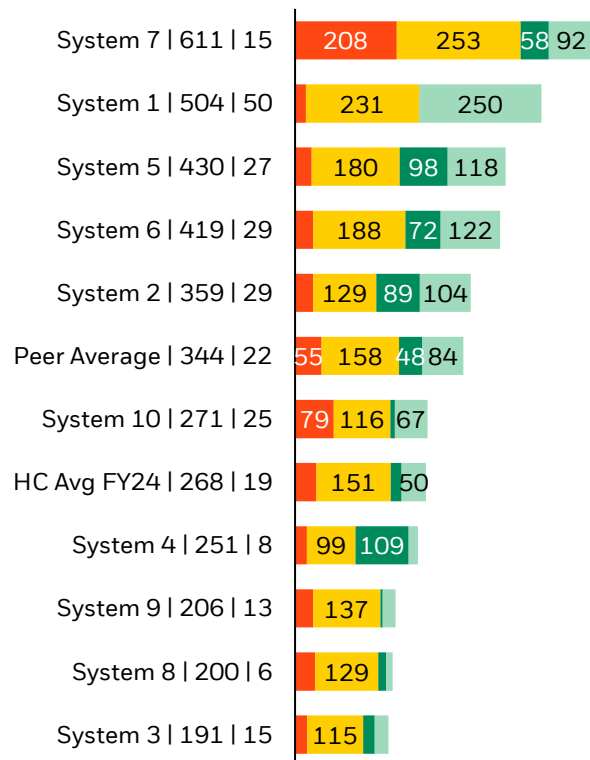
7 See Credit Rating Methodology in Important Notes Regarding Methodology section for detail on the methodology of determining credit rating for each system

8 See Reference and Methodology section for detail on the methodology for calculating Days Cash on Hand (all assets) and Cash to LTD (all assets). "LTD" stands for "long-term debt." Note that rating agencies may only use unrestricted cash & investments, the above metric includes total cash & investments and Medicare Advance Payment in/outflows.

Investment Dial Movers for Enterprise

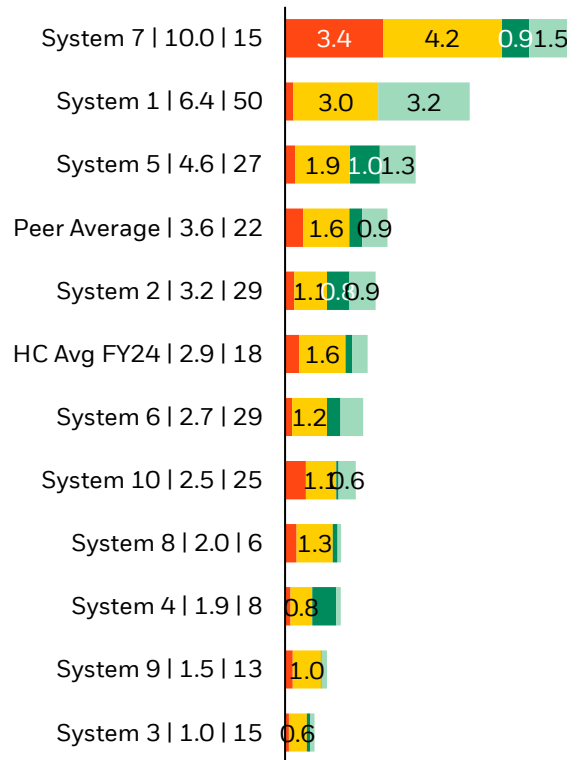
Days Cash on Hand¹

System | DCOH | Private Markets (% Total)



Cash to Long Term Debt (LTD)²

System | CLTD | Private Markets (% Total)



Credit Rating³

AA
AA
AA
AA-
AA
A+
AA-
AA-
A-
AA-
A+
A-

■ Cash & ST
 ■ Liquid
 ■ HF
 ■ Private Markets

Source: BlackRock based upon data from public and audited annual financial statements as of fiscal year end 2024.

¹Days Cash on Hand (DCOH) is calculated as total cash & investment assets in scope divided by operating expense less depreciation and amortization expense over 365. See Reference and Methodology section for detail on the methodology for calculating Days Cash on Hand (cash & ST, liquid, and alternatives). Note that rating agencies may only use unrestricted cash & investments, the above metric includes total cash & investments and Medicare Advance Payment in/outflows. For additional details on the Peer Average and HC Avg FY24 calculations please see the "Enterprise Dashboard" slide earlier in this presentation.

²Cash to Long Term Debt (LTD) is calculated as total cash & investment assets in scope divided by total long-term debt. See Reference and Methodology section for detail on the methodology for calculating Cash to LTD (cash & ST, liquid, and alternatives). Note that rating agencies may only use unrestricted cash & investments. For additional details on the Peer Average and HC Avg FY24 calculations please see the "Enterprise Dashboard" slide earlier in this presentation.

³See Credit Rating Methodology in Important Notes Regarding Methodology section for detail on the methodology of determining credit rating for each system

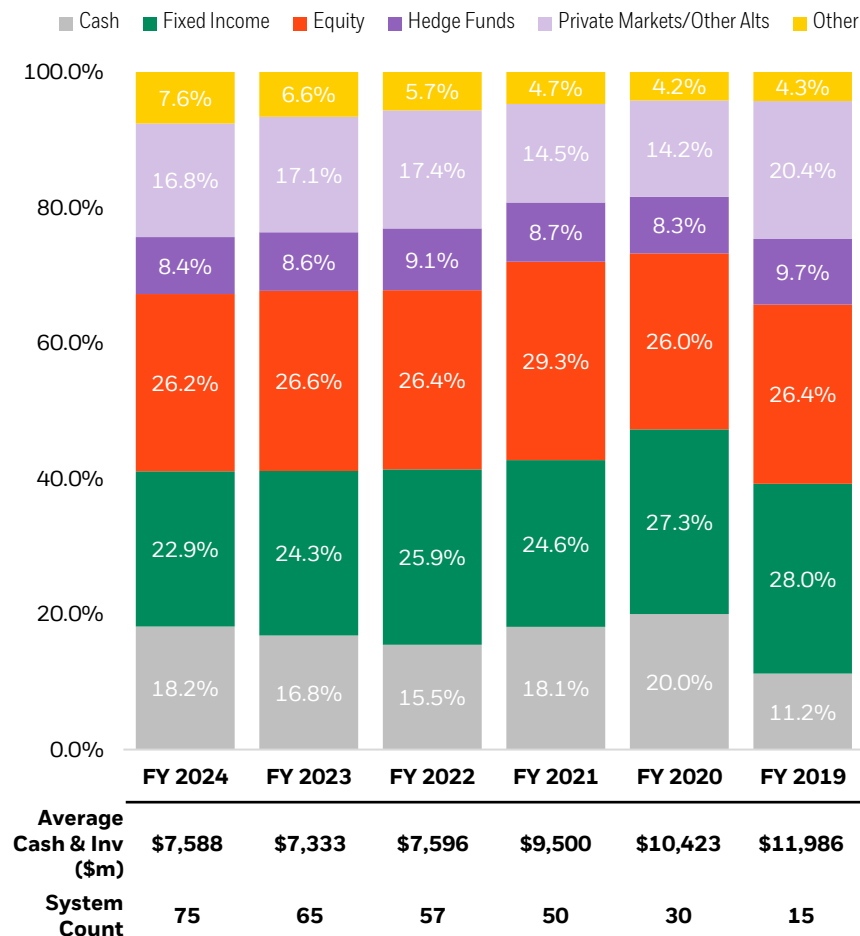
Note: "Cash & ST" refers to all assets categorized as "Cash & Cash Equivalents and Short-term Investments" for purposes of this analysis.

Healthcare Asset Allocations over time

Considerations

- > Hospital enterprise allocations support multiple objectives – **liquidity, purchasing power** and **growth**
- > Historically, invested allocations are fairly balanced across **equity, fixed income** and **alternatives**, with alternatives typically a **balanced split between hedge funds and private markets**
- > As health systems have continued to face operational challenges, many are **revisiting** their investment **portfolio construction** and seeking **innovative** strategies to enhance balance sheet returns to help support enterprise objectives.

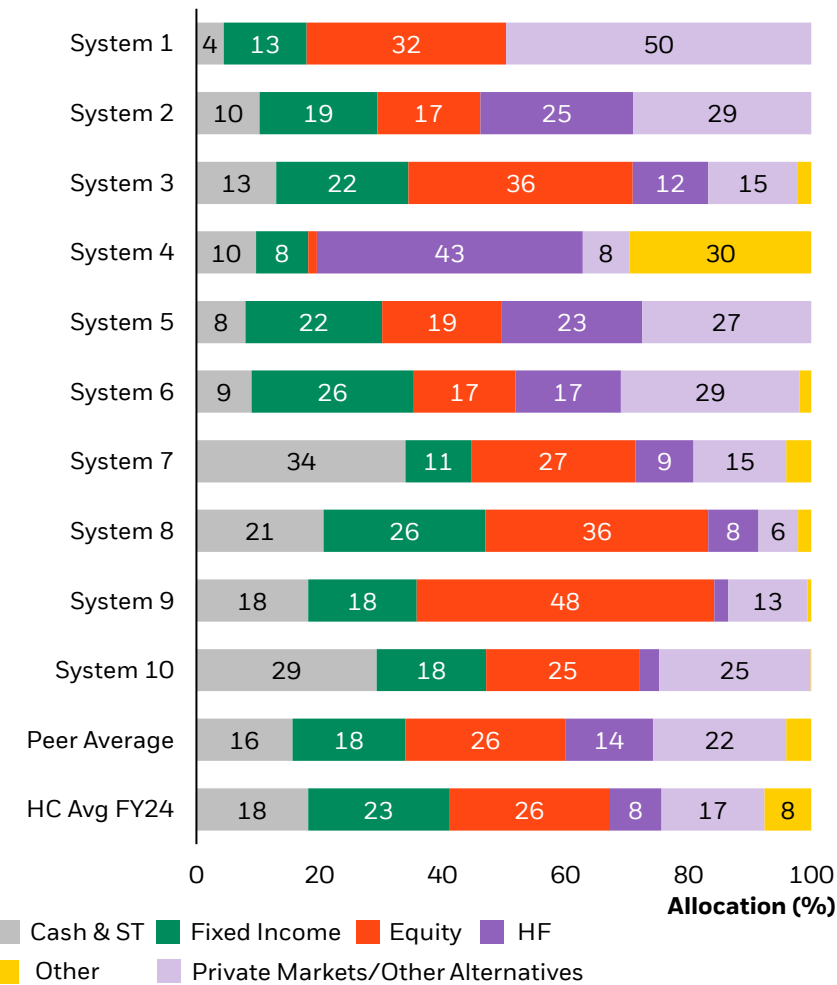
Average Healthcare Asset Allocation



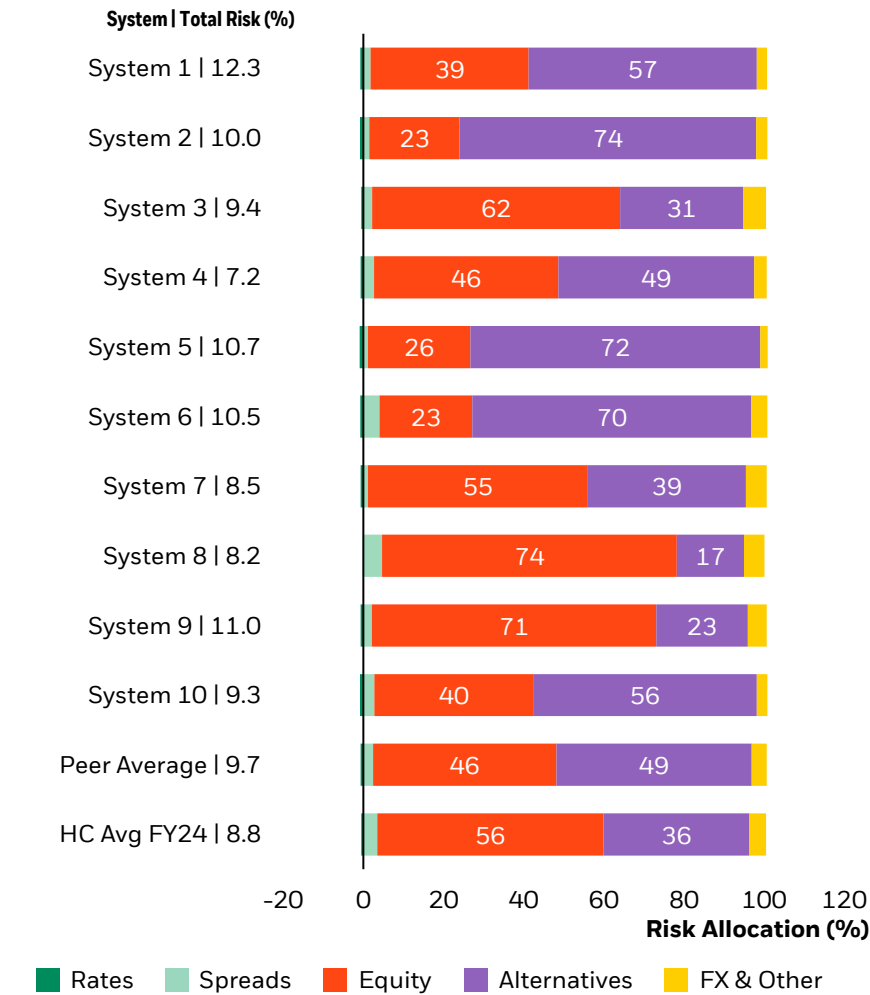
The above average allocations are simple averages for the systems included in each respective study. HC Avg FY 2023 includes 65 systems, FY 2022 includes 57 systems, FY 2021 includes 50 systems, FY 2020 includes 30 systems and FY 2019 includes 15 systems. Please refer to Reference and Methodology slide "Healthcare Peer Risk Study: FY19 and FY20 peer groups" for a list of organizations included in the FY20 and FY19 study. All asset allocation data is as of the fiscal year end indicated. "Other" is where financial statements stated an allocation to mutual funds/commingled funds and is proxied to 70% MSCI ACWI/30% US Aggregate Index.

Asset Allocation Drives Risk Decomposition

Asset Allocation



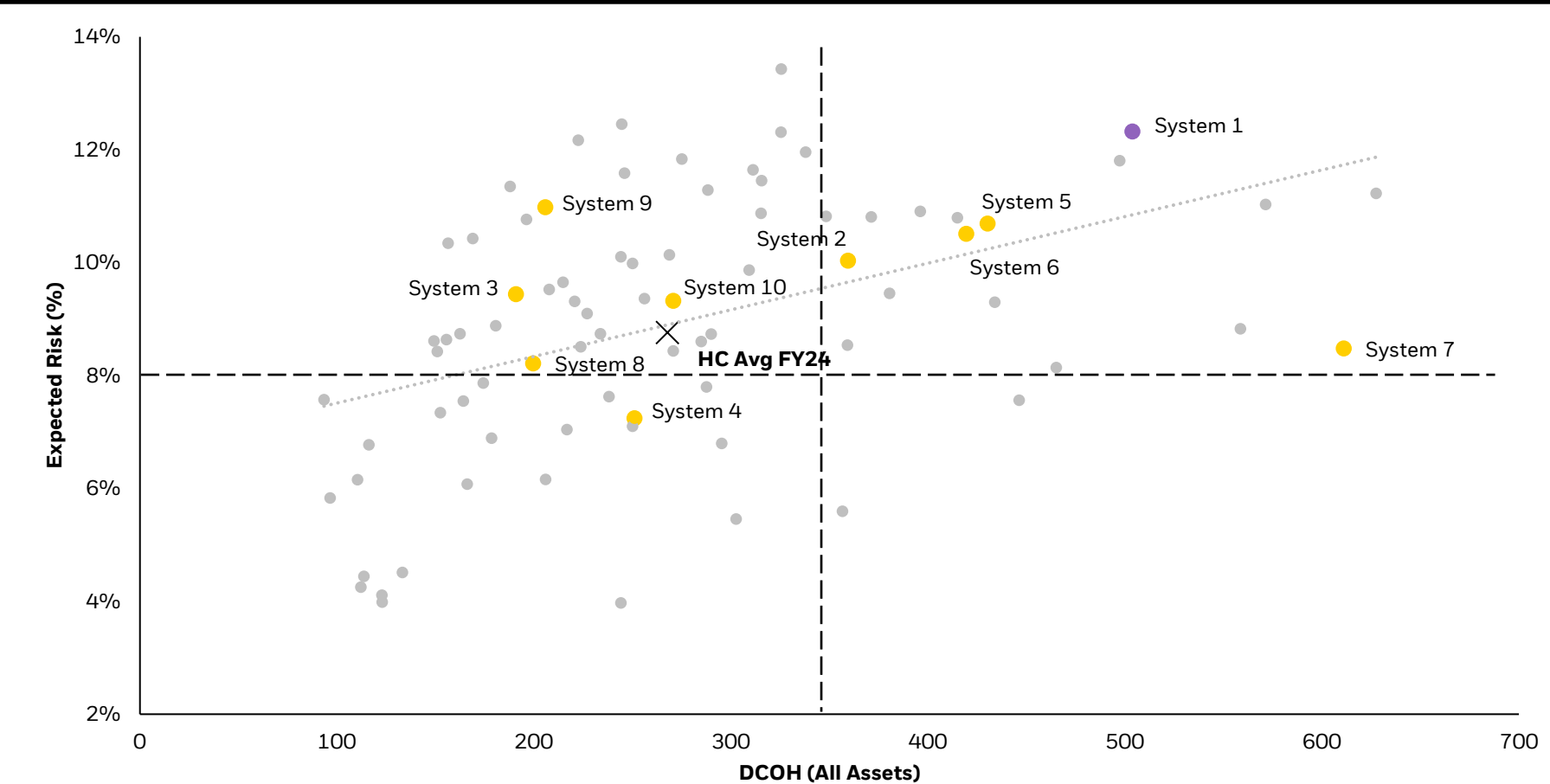
Risk Factor Decomposition



Source: BlackRock, based on public financial statements for FY2024. "Other" is where financial statements stated an allocation to mutual funds/commingled funds and is proxied to 70% MSCI ACWI/30% US Aggregate Index. Risk Source: BlackRock, as of March 2025. Monthly Constant Weighted (MTC model) with 294 monthly observations; 1 standard deviation; 1yr horizon. Neither asset allocation nor diversification can guarantee profit or prevent loss. For additional details see the Risk Factor Glossary and the Important Disclosures at the end of this presentation. For details regarding the indexes used to represent each asset class, see the "Capital Market and Modeling Assumptions" slide at the end of this presentation.

Risk Taking May Have Its Rewards

Risk vs. Days Cash on Hand (DCOH)



Source: BlackRock, as of March 2025. Days Cash on Hand (DCOH) is calculated as total cash & investment assets in scope divided by operating expense less depreciation and amortization expense over 365. See Reference and Methodology section for detail on the methodology for calculating Days Cash on Hand (cash & ST, liquid, and alternatives). Note that rating agencies may only use unrestricted cash & investments. Ex-ante risk is defined as annual expected volatility and is calculated using data derived from portfolio holdings, using the Aladdin portfolio risk model. This proprietary multi-factor model can be applied across multiple asset classes to analyze the impact of different characteristics of securities on their behaviors in the market place. In analyzing risk factors, the Aladdin portfolio risk model attempts to capture and monitor these attributes that can influence the risk/return behavior of a particular security/asset. Risk Monthly Constant Weighted (MTC model) with 294 monthly observations; 1 standard deviation; 1yr horizon. For additional details see the Risk Factor Glossary at the end of this presentation. For details regarding the indexes used to represent each asset class, see the "Capital Market and Modeling Assumptions" slide at the end of this presentation.

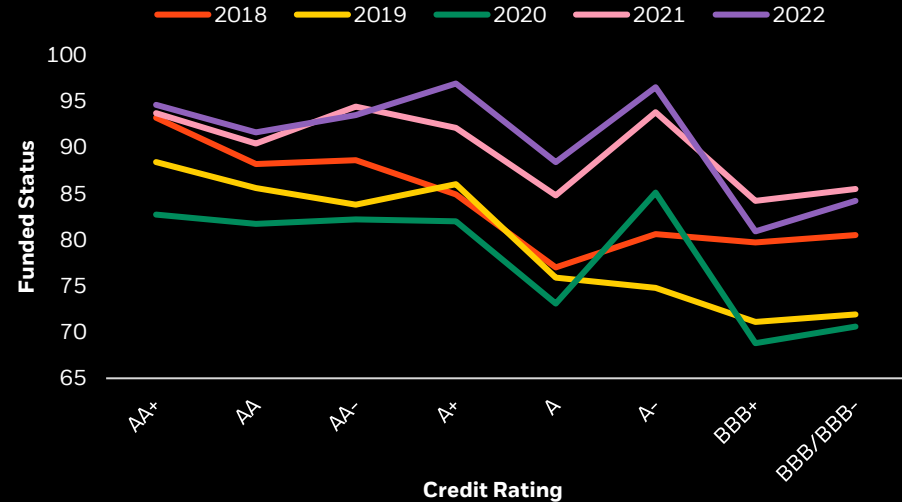
Hospitals have increased their focus on Defined Benefit plans

Preserving retirement benefits for healthcare employees after the pandemic has been both a challenge and a priority for some health systems.

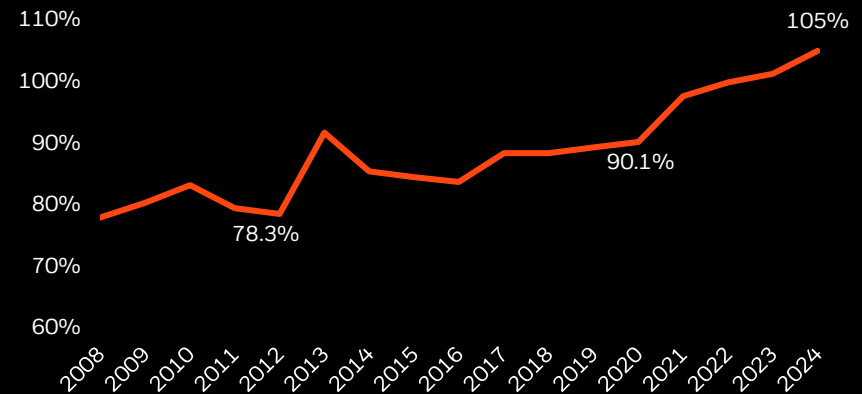
Considerations

- While a low pension funding status may not materially affect credit ratings¹, reducing pension volatility may provide more balance sheet stability for the enterprise
- Take advantage of the favorable interest rate environment by reassessing your pension asset allocation to solidify funded status gains potential.
- As more plan sponsors approach the “end-game,” many are adjusting asset allocations to better align with liability characteristics. This includes growing interest in liability-driven investing (LDI) and a shift in growth assets toward income-generating assets to better align with liability and reduce surplus vol.
- Optimize your governance budget and collaborate with strategic partners to allow you to focus on other priorities

Non-Profit Health Systems: S&P Credit Rating vs. Median Defined Benefit Funded Status²



Corporate DB Funded Ratios over time³



1 S&P Ratings, Overall Not-For-Profit Health Care Pension ratios Are Stable – For Now, June 25, 2020.

2 Source: S&P Ratings, U.S. Not-For-Profit Healthcare System Median Financial Ratios - 2022 vs 2021 vs 2020, 2019 vs 2018.

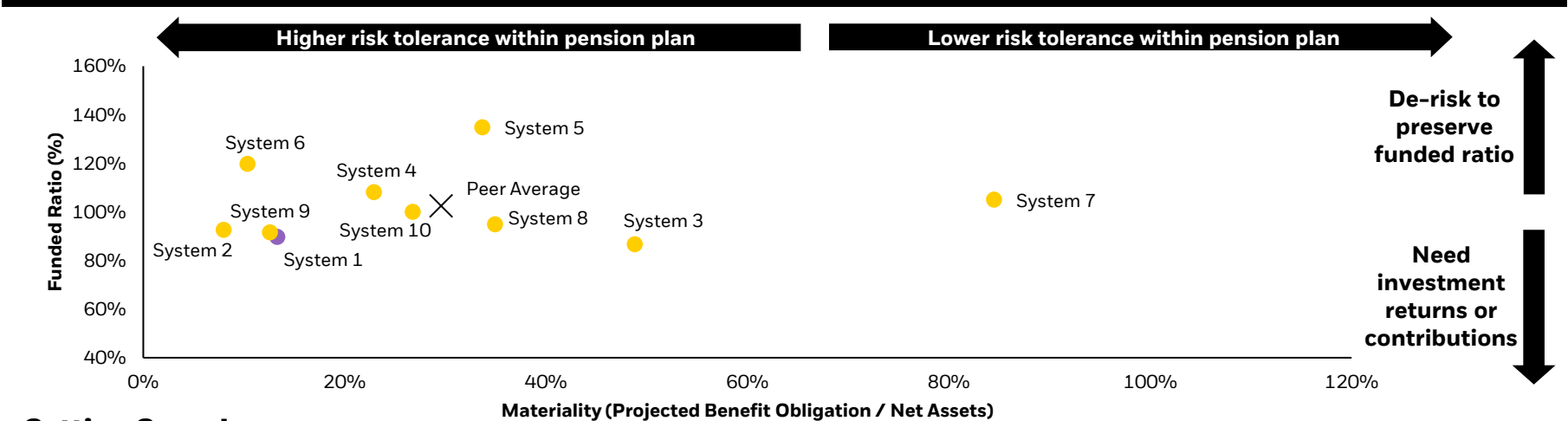
3. Source: BlackRock LDI Market Watch. Estimated US corporate pension funded ratios 12/31/2018 – 3/31/2024..

Read Reference and Methodology section slide titled “Important Notes Regarding Methodology” for additional information on the ratings above.

Pension Dashboard

System 1 is 89% funded and the pension represents 13% of net assets

Funded Ratio and Plan Materiality



Getting Granular

	Calculation Inputs								Calculated Metrics (%)				
Label	Total DB Assets (\$m)	PBO (\$m)	Net Assets (\$)	Service Cost (\$)	Pension Expense (\$)	Operating Income (\$)	Realized Contributions (\$)	Cash from Ops (\$)	Funded Ratio	Materiality	Liability Growth	Income Statement Sensitivity	Cashflow Impact
Peer Average	3,806	3,656	13,305	92	65	241	53	986	102.4%	29.6%	7.3%	24.6%	3.6%
System 1	1,858	2,071	15,548	0	15	387	0	475	89.7%	13.3%	5.7%	3.8%	0.0%
System 2	1,245	1,343	16,824	-2	-4	276	15	942	92.7%	8.0%	5.6%	1.4%	1.6%
System 3	9,430	10,866	22,252	296	436	-581	198	1,382	86.8%	48.8%	8.2%	75.0%	14.3%
System 4	1,666	1,539	6,718	0	-20	387	1	708	108.3%	22.9%	5.7%	5.2%	0.2%
System 5	11,567	8,575	25,457	426	55	1,293	281	1,780	134.9%	33.7%	10.8%	4.3%	15.8%
System 6	1,240	1,034	9,991	2	-28	202	0	108	119.9%	10.4%	5.9%	13.8%	0.0%
System 7	2,544	2,421	2,865	111	37	-206	7	881	105.1%	84.5%	10.3%	18.2%	0.8%
System 8	2,723	2,867	8,205	86	81	292	5	1,764	95.0%	34.9%	8.7%	27.6%	0.3%
System 9	726	793	6,298	0	12	291	10	795	91.6%	12.6%	5.9%	4.2%	1.3%
System 10	5,061	5,056	18,896	0	61	66	15	1,023	100.1%	26.8%	6.0%	92.9%	1.5%

Source: Audited Financial Statements and BlackRock as of FY2024. For illustrative purposes only. Peers are selected based on client input. For additional details on the metrics above, please see the slide titled "Important Notes Regarding Pension Metrics" in the Reference and Methodology section for definitions on the metrics shown above.

How can BlackRock's Client Solutions Group help you?

> Schedule a meeting

Find efficiencies

Reallocations

Strategic asset allocations

Forward simulations

Stress testing

Capital market assumptions

Historical returns analysis

Manager correlations

Equity style factor tilts

Calibrate liquidity

Balancing liquidity

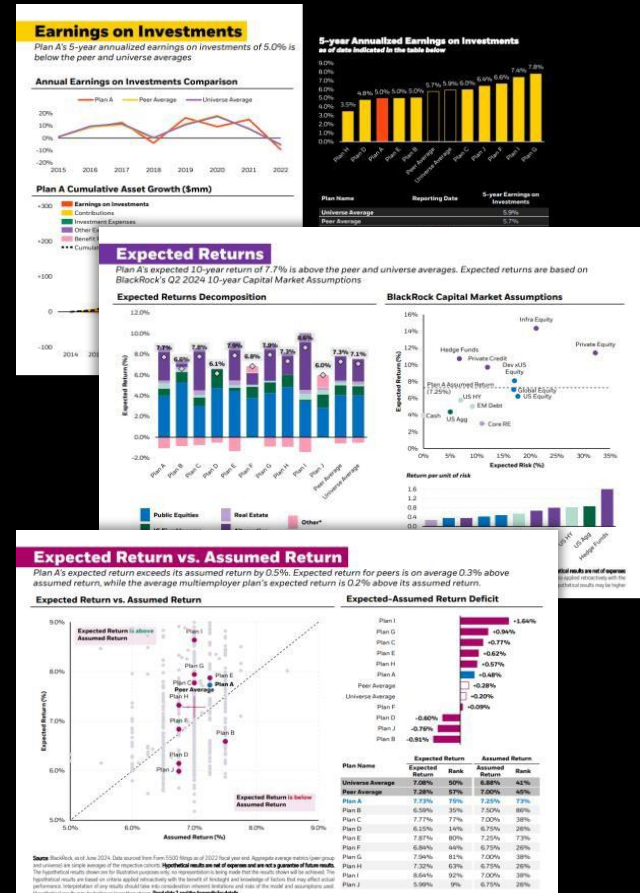
Private market pacing

Enhance income

Fixed income risks

Peer benchmarking

Visualize and understand positioning within broader industry context



Reference and Methodology

We are built to deliver for health systems by taking a collaborative approach to pursue...

Efficient deployment of long-term capital

An expansive and diverse set of investment solutions across asset classes, including our alternatives platform

Strategic management of pension liabilities

Open or closed, growth or LDI, applying our precision analytics to promote maximum efficiency and minimum volatility

Innovative retirement solutions for DC

A 403(b) and 401(k) partner, including the LifePath® target date and Lifepath Paycheck™ retirement income series

Scalable and efficient liquidity solutions

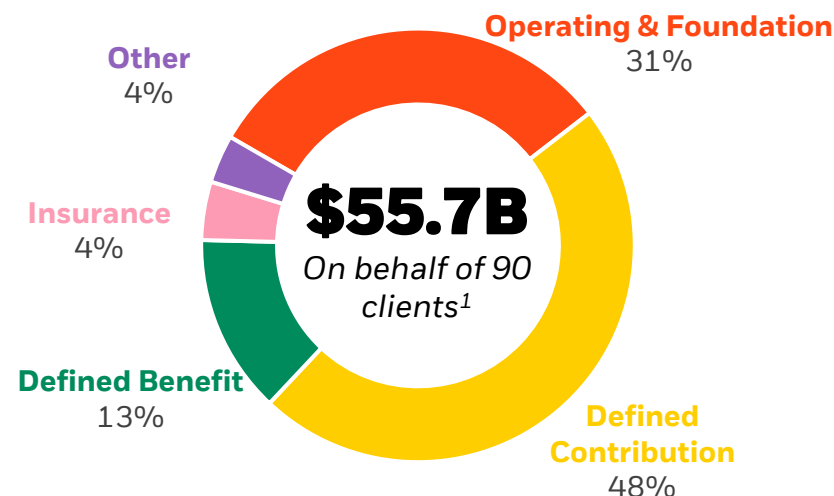
One of the largest cash management providers to treasury teams, including custom solutions

Maximum contribution of insurance assets

Managing general account fixed income assets has been the cornerstone of our insurance franchise for 30+ years

Robust risk and accounting offering

Our Aladdin® platform seeks to deliver risk management, portfolio construction and straight through investment accounting



BlackRock's tailored thought leadership provides healthcare specific insights via roundtables, research papers and events

¹ BlackRock healthcare client assets under management, as of September 30, 2024

Risk management and due diligence processes seek to mitigate, but cannot eliminate, risk nor do they imply low risk.

Important Disclosures

Hypothetical Expected Return and Stress Testing Returns:

Expected returns are based upon BlackRock's March 2025 Capital Market Assumptions (CMA). Stress Test Returns are based upon BlackRock Solutions Aladdin risk model. There is no guarantee that results of BlackRock's CMA or Aladdin risk model will be achieved and all returns could be significantly higher or lower than those shown. **All hypothetical results are not a guarantee of future returns.** Hypothetical returns are shown net of fees and expenses and include reinvestment of dividends, capital gains, and interest. Hypothetical results do not reflect the impact of taxes. Had that expense been included results would have been lower. The results shown are for illustrative discussion purposes only and no representation is being made that any account, product or strategy will achieve results shown. All hypothetical portfolio returns deduct advisory level and underlying asset class level fees and expenses. Portfolio level expected returns shown in the presentation include the deduction of an advisory level model fee of 0.20%, which represents the highest advisory fee charged for the institutional client type. Expected returns for the following asset classes are inclusive of an additional alpha assumption: Direct Lending: 2.20%, PE: 5.70%, Global Infra Equity: 5.50%, Global Hedge Funds: 3.30%, US Core Real Estate: 0.80%. **Read CMA Disclosures and Reallocation Risk Assumptions in Reference and Methodology Section. For additional details on the asset class level fees and expenses please see the slide titled "Capital Market and Modeling Assumptions" in the Reference and Methodology section.**

Risk modeling uses a 84% confidence interval and 294 constant weighted monthly observations. Stress scenarios are instantaneous and fees are divided by 365 and deducted from the modeled scenario output. Stress scenario results do not represent any account, product or strategy and there is no guarantee that a proxy or portfolio will achieve results similar to those shown. The historical scenarios simulate each portfolio shown through hypothetical large market shocks and geopolitical stresses, with implied shocks. Scenario analysis is performed by parametrically shocking the underlying risk factor exposures of the portfolios by a set of instantaneous changes to derive the resulting hypothetical returns. The returns in the scenarios are expressed as a hypothetical percentage change in value if those shocks were to be realized and are based on criteria that have been applied retroactively with the benefit of hindsight and therefore cannot account for all financial risk that may affect actual performance. Stress Scenario hypothetical portfolio returns reflect the deduction of both asset class and the stated advisory level fees. For additional details on the asset class level fees and expenses please see the slide titled "Capital Market and Modeling Assumptions" in the Reference and Methodology section.

Hypothetical Expected Risk

BlackRock, as of March 2025. Ex-ante risk is defined as annual expected volatility and is calculated using data derived from portfolio holdings, using the Aladdin portfolio risk model. This proprietary multi-factor model can be applied across multiple asset classes to analyze the impact of different characteristics of securities on their behaviors in the market place. In analyzing risk factors, the Aladdin portfolio risk model attempts to capture and monitor these attributes that can influence the risk/return behavior of a particular security/asset. Risk: Monthly Constant Weighted (MTC model) with 294 monthly observations; 1 standard deviation; 1yr horizon.

Read the Risk Factor Glossary, CMA disclosures, Asset Class Mapping, Stress testing disclosures and scenario definitions, and other information in the Appendix.

Important Notes Regarding Methodology

Asset Class Categories and Risk Proxies: The default asset class categories for equity assets are “Equities – Global”, fixed income assets are “Fixed Income – US,” “Fixed Income – US Government,” and “Fixed Income – US Corporate” based on the level of detail provided in financial statements. The risk proxy for asset class category “Other” represents 70% MSCI ACWI Index and 30% US Agg.

Credit Rating Methodology: The credit rating shown for each organization is based on ratings from Moody’s, S&P and Fitch as of May 2025, taking the middle of the three ratings or lower of two ratings (if the system was not rated by all three rating agencies), and reflecting the S&P-equivalent rating nomenclature. Please see credit rating ranges on the right for Moody’s, S&P and Fitch, with AAA being the highest rating and D being the lowest.

Total cash & investments asset allocation: All data is sourced by BlackRock from public annual financial statements and relevant disclosures. Where limited information is provided regarding investments in alternatives, data from financial statements is supplemented with data from Preqin. Total cash & investments includes balance sheet cash and cash equivalents, investments (as defined on Balance Sheets and/or in fair value measurement disclosures or related notes) and assets whose use is limited. Restricted and unrestricted assets are included.

- Derivatives (such as interest rate swaps), interests in perpetual trusts, and investments in equity method affiliates / equity investments in unconsolidated affiliates are not included.
- Receivables included in total cash & investments are categorized as “Cash & Cash Equivalents and Short-term Investments.”
- Securities on loan and securities lending collateral: Assets classified as securities on loan and assets classified as securities lending collateral are only included in total cash & investments if those assets are included in the hospital system’s investments / fair value measurement disclosures (shown in the annual financial statements) that were used for calculating total cash & investments for each system. In such instances, securities on loan are categorized as “Equity – Global” and securities lending collateral is categorized as “Cash & Cash Equivalents and Short-term Investments”. Therefore, securities on loan and / or securities lending collateral that are included as separate line items on the balance sheet or indicated in footnotes but are not include in the investments / fair value measurement disclosures, are not included in total cash & investments.

Fair Value Total Investment Return (“FVTIR”): All data is sourced from public financial statements. Changes in fair value and investment return derived from derivatives and interest rate swaps are not included. To note, Net Investment Income includes interest and dividend income, less investment management and administrative fees, where provided. In some instances, investment income disclosed does not include restricted income. Some health systems include insurance activities in disclosed figures.

Source: BlackRock. Information is based on public annual financial statements (unless otherwise noted) and reasonable assumptions made to determine asset allocation, investment return, return on net assets, days cash on hand, cash to long term debt and other metrics throughout this study based on information availability. We are happy to provide additional detail on the determination of these metrics for a specific hospital system in this study upon request.

S&P	Fitch	Moody's
AAA	AAA	Aaa
AA+	AA+	Aa1
AA	AA	Aa2
AA-	AA-	Aa3
A+	A+	A1
A	A	A2
A-	A-	A3
BBB+	BBB+	Baa1
BBB	BBB	Baa2
BBB-	BBB-	Baa3
BB+	BB+	Ba1
BB	BB	Ba2
BB-	BB-	Ba3
B+	B+	B1
B	B	B2
B-	B-	B3
CCC+		Caa1
CCC	CCC	Caa2
CCC-		Caa3
CC+		Ca1
CC	CC	Ca2
CC-		Ca3
C+		C1
C	C	C
C-	C-	C2
D	D	D
NR	NR	NR

Important Notes Regarding Days Cash on Hand and Cash to Long Term Debt Ratios

Days Cash on Hand:

Days Cash on Hand (all assets) is calculated as total cash & investment assets divided by operating expense less depreciation and amortization expense over 365. Days Cash on Hand (cash & ST) is calculated using the same methodology as Days Cash on Hand (all assets), but only includes cash & cash equivalents and short-term investments. Days Cash on Hand (liquid) is calculated using the same methodology as Days Cash on Hand (all assets), but it excludes all cash & cash equivalents, short-term investments and alternative investments, recognizing investors might consider their hedge fund allocation liquid. Not all organizations provide full transparency into hedge fund exposure. Days Cash on Hand (alternatives) is calculated using the same methodology as Days Cash on Hand (all assets), but only includes alternative investments. Note that rating agencies may only use unrestricted cash & investments, BlackRock's calculation includes total cash & investments and Medicare Advance Payment in/outflows.. All data is sourced from public financial statements and Preqin, where applicable.

Cash to Long Term Debt:

Cash to Long Term Debt (LTD) is calculated as total cash & investment assets in scope divided by total long-term debt. Cash to LTD (all assets) includes total cash & investment assets. Cash to LTD (cash & ST) is calculated using the same methodology as Cash to LTD (all assets), but only includes cash & cash equivalents and short-term investments. Cash to LTD (liquid) is calculated using the same methodology as Cash to LTD (all assets), but it excludes all cash & cash equivalents, short-term investments and alternative investments, recognizing investors might consider their hedge fund allocation liquid. Not all organizations provide full transparency into hedge fund exposure. Cash to LTD (alternatives) is calculated using the same methodology as Cash to LTD (all assets), but only includes alternative investments. Note that rating agencies may only use unrestricted cash & investments. All data is sourced from public financial statements and Preqin, where applicable.

Important Notes Regarding Pension Metrics

Pension Data source: All data is sourced by BlackRock from public annual financial statements and relevant disclosures. Please note the following important disclosures related to sourcing Pension information:

- Postretirement Plans: Please note that our analysis does not include postretirement plans.
- Liability Discount: In cases where the liability discount is not available, we utilize 5% of the MLAA curve as a substitute
- EROA/Discount Rate Range: When a range is provided for EROA/Discount Rate, we use the median value for our analysis.
- Multiple Plans: For systems with multiple plans, we calculate the weighted average of the discount rate based on the Projected Benefit Obligation (PBO) and the EROA based on assets.

Funded Ratio

Funded ratio is calculated as Pension Assets / Projected Benefit Obligation.

Materiality

Materiality is calculated as Projected Benefit Obligation / Net Assets of the Total System.

Liability Growth

Liability Growth is calculated as *Service Cost / Projected Benefit Obligation*.

Liability growth driven by service cost will likely determine the 'end-state' funded ratio that the plan may look to target.

Income Statement Sensitivity

Income statement Sensitivity is calculated as *Pension Expense / Operating Income of the Total System*. The metric indicates how sensitive operating income is to changes in pension expense and expected return.

A lower sensitivity is preferable as this implies the pension plan does not create volatility in reported earnings for the healthcare system.

A plan with low income-statement sensitivity may potentially reduce its expected return on asset (EROA) assumption without a meaningful impact on earnings. This enables a plan to de-risk and reduce its funded ratio volatility.

Cashflow Impact:

Cashflow Impact is calculated as *FY 2024 Plan Contributions / Net Cash from Operations of the Total System*. The metric indicates how big of a burden the pension plan is on company cash flows.

Low Impact: The company is better able to make contributions in bad market scenarios, more capacity to tolerate risk.

High Impact: The company is less able to make contributions in bad market scenarios, less capacity to tolerate risk.

Hurdle rate

Hurdle Rate is defined as the required rate of return for the plan to reach 105% funded ratio in 10 years. *It is estimated using the PBO, asset, interest cost, service cost, first year planned contribution, projected liability payout and other data from the annual reporting as of FY 2022.* Assuming annual contribution beyond the first year to be sum of 1/15 of unfunded PBO and service cost while the plan is underfunded.

Additional Details on the hurdle rate calculation

- Omitted Expected Contribution: In the case of plans that omit the 2024 expected contribution in their reporting, we assumed the sum of 1/15 of the unfunded Projected Benefit Obligation (PBO) and service cost as the contribution amount. This assumption applies when the plan is underfunded starting from year 1. This method was used for the following plans: UnityPoint, Intermountain, Atrium, UPMC, Sutter, RWJ, BayCare, Baystate, Memorial, Cedars-Sinai.
- Hurdle Rate Calculation: We utilized the Pension Benefit Guaranty Corporation (PBGC) Premium Rates for the calculation of the hurdle rate. For more information on these rates, please refer to the Premium Rates section on the Pension Benefit Guaranty Corporation's website (pbgc.gov).

Plan Status

Open – pension plan continues to enroll new participants and benefits continue to accrue.

Closed – pension plan is closed for new participants, but already-enrolled participants continue to accrue benefits.

Frozen – pension plan ceased accepting new participants and halted the accrual of additional benefits.

Capital Market and Modeling Assumptions

Asset Class	CMA Proxy	Fee Assumption	10yr Expected Return	Expected Risk
Cash & ST	USD Cash Benchmark	0.00%	3.86%	0.00%
EQ - Global	MSCI All Country World Index	0.18%	7.09%	17.35%
EQ - US	MSCI USA Index	0.13%	6.32%	18.40%
EQ - Non-US	MSCI World Ex-US Index	0.20%	8.14%	16.87%
EQ - EM	MSCI Emerging Markets Index	0.36%	8.20%	20.60%
FI - Global	Bloomberg Barclays Global Aggregate Index	0.11%	4.07%	3.68%
FI - US	Bloomberg Barclays U.S. Aggregate Index	0.11%	4.18%	4.91%
FI - Non-US	Bloomberg Barclays Global Aggregate Index Ex-US Index	0.11%	4.09%	7.51%
FI - Global Govt	FTSE World Government Bond Index	0.20%	4.00%	5.87%
FI - US Govt	Bloomberg Barclays Government Index	0.12%	3.87%	4.93%
FI - Non-US Govt	Bloomberg Barclays Global Aggregate Treasury Index Ex-US	0.35%	4.16%	7.54%
FI - Global Corp	Bloomberg Barclays Global Aggregate Credit Index	0.25%	4.31%	6.31%
FI - US Corp	Bloomberg Barclays Corporate Index	0.11%	4.35%	6.15%
FI - Non-US Corp	Bloomberg Global Agg Credit Index ex USD	0.50%	3.78%	9.74%
FI - Securitized	Bloomberg Barclays Securitized Index	0.05%	4.58%	5.07%
FI - Bank Loans	S&P/LSTA Leveraged Loan Index	0.45%	6.20%	7.99%
FI - TIPS	Bloomberg Barclays US Government Inflation-Linked Bond Index	0.12%	4.53%	5.43%
FI - HY	Bloomberg Barclays US Corp High Yield 2% Issuer Capped Index	0.30%	5.97%	6.39%
FI - EM	JP Morgan EMBI Global Diversified Index	0.45%	5.28%	9.09%
FI - Long Duration	Bloomberg Barclays Treasury 10+ Yr Index	0.12%	3.81%	12.57%
FI - Munis	Bloomberg Municipal Bond Index	0.07%	4.52%	4.82%
FI - Multi Strat	Bloomberg Barclays U.S. Universal Index	0.11%	4.41%	4.72%

The representative indices listed above may differ from those that are publicly available, but the underlying methodology and assumptions are consistent. BlackRock expected market return information is based on BlackRock's capital market assumptions as of March 2025 which are subject to change. Capital market assumptions contain forward-looking information that is not purely historical in nature. **They should not be construed as guarantees of future returns.** The projections in the chart above are based on BlackRock's proprietary capital markets assumptions for risk and geometric return (above) and correlations between major asset classes. These asset class assumptions are passive only and do not consider the impact of active management. The assumptions are presented for illustrative purposes only and should not be used, or relied upon, to make investment decisions. The assumptions are not meant to be a representation of, nor should they be interpreted as BlackRock's investment recommendations. Allocations, assumptions, and expected returns are not meant to represent BlackRock performance. Capital markets assumptions are subject to high levels of uncertainty regarding future economic and market factors that may affect actual future performance. Ultimately, the value of these assumptions is not in their accuracy as estimates of future returns, but in their ability to capture relevant relationships and changes in those relationships as a function of economic and market influences. Please note all information shown is based on assumptions, therefore, exclusive reliance on these assumptions is incomplete and not advised. The individual asset class assumptions are not a promise of future performance. Indexes are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index.

The hypothetical returns shown above are net of asset class level fees and expenses. Please see the expense column for additional details on each asset class. Portfolio level expected returns shown in the presentation also include the deduction of an advisory fee of 0.20%, which represents the highest advisory fee for the institutional client type.

Please continue reading disclosure on the following slide.

Capital Market and Modeling Assumptions (continued)

Asset Class	CMA Proxy	Fee Assumption	Alpha Assumption	10yr Expected Return	Expected Risk
Alts - Private Equity	BlackRock Proxy: Private Equity Buyout Global - eFront Insights Research Private Equity Buyout	4.68%	5.70%	11.77%	25.53%
Alts - Hedge Funds	BlackRock Proxy: HFRI Global Fund Weighted Index (Hedged)	2.00%	3.30%	9.37%	6.93%
Alts - Real Assets	BlackRock Proxy: Global Diversified Infrastructure - eFront Insights Research Global Infrastructure Index	1.50%	5.50%	14.82%	19.85%
Alts - Real Estate	BlackRock Proxy: US Core Real Estate - NCREIF ODCE Index	0.91%	0.80%	3.10%	10.89%
Alts - Risk Parity	15% Long Duration, US HY, TIPS, EMD 18.5% MSCI ACWI 21.5% Commodities	-	-	6.06%	9.44%
Alts - Private Credit	BlackRock Proxy: Direct Lending - Lincoln Senior Debt Index	2.99%	2.2%	9.67%	12.01%
Alts - REITs	FTSE EPRA Nareit Global REITs Index	0.25%	-	6.06%	19.36%
Alts - Commodities	Bloomberg Commodity Index	0.75%	-	3.85%	14.87%
Alts - Other	50% PE; 50% HF	-	PE: 5.7%; HF: 3.3%	11.32%	14.87%
Other	70% MSCI ACWI; 30% Bloomberg Barclays US Aggregate Index	-	-	6.59%	12.30%

Disclosure continued from prior slide, please read full disclosure.

The Risk Parity asset above was constructed by blending seven capital market assumptions together; please see prior page for more information on each component.

Expected returns shown net of fees and expenses and are for informational purposes only. Please see the expense column for additional details on each asset class.

Expected returns for the following asset classes are inclusive of an additional alpha assumption: Direct Lending: 2.20%, PE: 5.70%, Global Infra Equity: 5.50%, Infra Debt: 0.90%, Global Hedge Funds: 3.30%, US Core Real Estate: 0.80%. The alpha assumption for private markets are defined as expected outperformance from a top quartile manager vs a median manager. For top-quartile performance in PE buyout, direct lending, and mezzanine debt, net of fees Prequin data is used. PE data consists of 800 managers over a 25-year period to 2012 vintage, direct lending and mezzanine debt data consists of 240 managers over the same period. We use forward five-year performance for each fund launched in each calendar year: we find that at least five years' worth of data is needed to draw meaningful conclusions on performance.

Infrastructure equity excess returns are assumed to be similar as PE buyout excess returns. Historical National Council of Real Estate Investment Fiduciaries (NCREIF) index performance, with a 5 year lookback period as of March 2019, was used for US core real estate also defined as expected outperformance from a top quartile vs median manager performance, net of fees.

BlackRock Capital Market Assumptions Methodology and Limitations

BlackRock Capital Market Assumptions

This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise of future performance. Note that these asset class assumptions are passive, and do not consider the impact of active management. All estimates in this document are in U.S. dollar terms unless noted otherwise. Given the complex risk-reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations to all the asset classes and strategies.

References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal, or tax advice.

The outputs of the assumptions are provided for illustration purposes only and are subject to significant limitations. “Expected” return estimates are subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios; in the event a particular scenario comes to pass, actual returns could be significantly higher or lower than forecasted. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. The model cannot account for the impact that economic, market, and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact future returns.

BlackRock 10-year asset return and long-term volatility assumptions

Ten-year and long-term equilibrium annualized return assumptions are in geometric terms. Return assumptions are total nominal returns. Return assumptions for all asset classes are shown in unhedged terms, with the exception of global ex-US treasuries. We use long-term volatility assumptions. We break down each asset class into factor exposures and analyze those factors’ historical volatilities and correlations over the past 15 years. We combine the historical volatilities with the current factor makeup of each asset class to arrive at our forward-looking assumptions. This approach takes into account how asset classes evolve over time. Example: Some fixed income indices are of shorter or longer duration than they were in the past. Our forward-looking assumptions reflect these changes, whereas a volatility calculation based only on historical monthly index returns would fail to capture the shifts. We have created BlackRock proxies to represent asset classes where historical data is either lacking or of poor quality. Expected return estimates are subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios; in the event a particular scenario comes to pass, actual returns could be significantly higher or lower than forecasted. The geometric return, sometimes called the time-weighted rate of return, takes into account the effects of compounding over the investment period. The arithmetic return can be thought of as a simple average calculated by taking the individual annual returns divided by the number of years in the investment period.

Index returns are for illustrative purposes only and do not represent any actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

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The information provided here is neither tax nor legal advice. Investors should speak to their tax professional for specific information regarding their tax situation. Investment involves risk including possible loss of principal. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are often heightened for investments in emerging/developing markets or smaller capital markets.

FOR MORE INFORMATION: www.BlackRock.com

Risk factor glossary

Risk Factors	Description
Alternatives	Contribution to portfolio risk arising from a portfolio's exposure to alternative assets and strategies.
Commodities	Contribution to portfolio risk arising from a portfolio's exposure to commodity prices.
Emerging Market Spread	Contribution to portfolio risk arising from a portfolio's exposure to emerging market bond credit spreads over benchmark interest rates.
Equity – Country	Contribution to portfolio risk arising from a portfolio's exposure to returns of country specific equities adjusting for market, sector and style effects.
Equity – Dividend Yield	Contribution to portfolio risk arising from a portfolio's exposure to companies with different dividend yield levels.
Equity – Growth	Contribution to portfolio risk arising from a portfolio's exposure to companies with different historical growth.
Equity – Idiosyncratic	Contribution to portfolio risk arising from a portfolio's exposure to stock specific idiosyncratic risk not captured by the common risk factors.
Equity -- Market	Contribution to portfolio risk arising from a portfolio's exposure to returns across the equity market. This factor captures the risk associate with general equity market movements.
Equity – Momentum	Contribution to portfolio risk arising from a portfolio's exposure to companies with recent price momentum.
Equity – Sector	Contribution to portfolio risk arising from a portfolio's exposure to the returns of sector specific equities adjusting for market, country, and style effects.
Equity – Size	Contribution to portfolio risk arising from a portfolio's exposure to companies of different market capitalization.
Equity – Style	Contribution to portfolio risk arising from a portfolio's exposure to the returns of factors such as value, growth, size and momentum. Style factors are constructed from company fundamentals, analyst estimate data and historical market data.
Equity – Value	Contribution to Portfolio Risk arising from a portfolio's exposure to companies of different valuations.
Equity -- Volatility	Contribution to portfolio risk arising from a portfolio's exposure to companies with different historical volatility.
Foreign Currency (FX)	Contribution to portfolio risk arising from a portfolio's exposure to risk associated with changes in foreign exchange rates.
Interest Rates	Contribution to portfolio risk arising from a portfolio's exposure to risk associated with changes in yield curves.
Inflation	Contribution to portfolio risk arising from a portfolio's exposure to risk associated with changes in inflation.
Other	Contribution to portfolio risk arising from a portfolio's exposure to remaining risk factors not shown.
Spreads – Credit	Contribution to portfolio risk arising from a portfolio's exposure to credit spreads. Credit spreads capture risk associated with investment grade, high yield, and distressed debt credit spreads over benchmark interest rates.
Spread -- High Yield	Contribution to portfolio risk arising from a portfolio's exposure to high yield credit spreads over benchmark interest rates.
Spread -- Investment Grade	Contribution to portfolio risk arising from a portfolio's exposure to investment grade credit spreads over benchmark interest rates.
Spreads -- Muni	Contribution to portfolio risk arising from a portfolio's exposure to municipal bond credit spreads over benchmark interest rates.
Spreads -- Securitized	Contribution to portfolio risk arising from a portfolio's exposure to securitized credit spreads over benchmark interest rates.

Source: BlackRock

Important Notes

Risk Warnings:

Equity Risk: Stock values may fluctuate in price so the value of your investment can go down depending on market conditions. Investing in small- and mid-cap companies may entail greater risk than large-cap companies, due to shorter operating histories, less seasoned management or lower trading volumes. International investing involves special risks including, but not limited to currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. Investments in emerging markets may be considered speculative and are more likely to experience hyperinflation and currency deviations, which adversely affect returns. In addition, many emerging securities markets have lower trading volumes and less liquidity.

Bond Risk: Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, and inflation risk. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and while generally backed by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. High-yield, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Investors will, at times, incur a tax liability. Income from municipal bonds may be subject to state and local taxes and at times the alternative minimum tax.

Private Equity Risks:

Limited Regulatory Oversight: Since private equity funds are typically private investments, they do not face the same oversight and scrutiny from financial regulatory entities such as the Securities and Exchange Commission ("SEC") and are not subject to the same regulatory requirements as regulated investment companies, (i.e., open-end or closed-end mutual funds) including requirements for such entities to provide certain periodic pricing and valuation information to investors. Private equity offering documents are not reviewed or approved by the SEC or any US state securities administrator or any other regulatory body. Also, managers may not be required by law or regulation to supply investors with their portfolio holdings, pricing, or valuation information.

Strategy Risk: Many private equity funds employ a single investment strategy. Thus, a private equity funds may be subject to strategy risk, associated with the failure or deterioration of an entire strategy.

Use of Leverage and Other Speculative Investment Practices: Since many private equity fund managers use leverage and speculative investment strategies such as options, investors should be aware of the potential risks. When used prudently and for the purpose of risk reduction, these instruments can add value to a portfolio. However, when leverage is used excessively and the market goes down, a portfolio can suffer tremendously. When options are used to speculate (i.e., buy calls, short puts), a portfolio's returns can suffer and the risk of the portfolio can increase.

Valuations: Further there have been a number of high profile instances where private equity fund managers have mispriced portfolios, either as an act of fraud or negligence.

Limited Liquidity: Investors in private equity funds have limited rights to transfer their investments. In addition, since private equity funds are not listed on any exchange, it is not expected that there will be a secondary market for them. Repurchases may be available, but only on a limited basis. A private equity fund's manager may deny a request to transfer

All investing involves risk, including possible loss of principal. Past performance is not a guarantee of future performance. Neither asset allocation nor diversification can guarantee profit or prevent loss. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate.

Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. Investing in small-cap companies may entail greater risk than large-cap companies, due to shorter operating histories, less seasoned management or lower trading volumes. Investing in mid-cap companies may entail greater risk than large-cap companies, due to shorter operating histories, less seasoned management or lower trading volumes. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. International investing involves special risks including, but not limited to political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. Asset allocation strategies do not assure profit and do not protect against loss. The portfolios may use derivatives to hedge investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility.

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