The BlackRock Story

BlackRock.

The secret sauce at this firm is our ability to reinvent ourselves on behalf of our clients over and over again – and not being afraid to do so.

Rob Kapito

President, BlackRock

One Sunday in March 1988, a group of friends who worked together on Wall Street met at one of their homes in suburban New Jersey. Everybody was in their 20s and 30s. They'd spent their early careers climbing the ranks of century-old investment banks. By the end of the night, most had decided to quit in pursuit of something new.

As they saw it, the investment industry of the 1980s wasn't working. There were high fees, arbitrary prices, and even at the most sophisticated firms, traders in different departments relied on completely different numbers. The result? They could lose millions of dollars, blindsided by risks they never saw coming.[1]

It was no wonder so few people invested in the markets. Fewer than a third of American families owned stocks in the late 1980s.[2] And the numbers were lower in almost every other country.

The distrust was understandable, but the reality was harder: Without investing, millions of people would never afford college, a home, or retirement—especially retirement. The returns were too powerful to ignore. An investment made in the S&P 500 would have far eclipsed what would have been earned in a savings account.[3]

When people invest better, they can live better—That's because markets work like a prosperity flywheel: people invest their savings; that money helps build companies and industries; and any success flows back to investors.

This idea—invest better, live better—was what pushed BlackRock's founders to quit their jobs that Sunday night. Yes, they were young and ambitious. Yes, they wanted to build a successful company. But they also saw a larger goal: If more people could become investors, they wouldn't just watch the world grow wealthier around them—they'd own a piece of it.

To do that, they founded an asset manager—one built on a core obligation: to act in the best interest of their clients. That's what it means to be a fiduciary—clients come first.
Nearly four decades later, BlackRock is still a fiduciary—just a much bigger one.

Today, we're the largest asset manager in the world—although the assets aren't ours[4]. The money we manage belongs to our clients. More than half that money is to help people afford retirement.[5]

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We are a fiduciary that delivers global scale with local insights.

In the U.S., we invest for retirement plans covering about 35 million people[6]—among them, roughly half the country's public-school teachers.[7] In Europe, we manage assets for more than 500 pension schemes, supporting millions.

Why have so many people trusted BlackRock to manage their money? Because we built a better way to help people reach their financial goals—by giving investors the strategies once reserved for the world's largest, most sophisticated firms.

We're here to help more people invest better to live better.

It started with technology. Even before BlackRock officially opened shop, the founders knew they could provide clients with **deeper insights** by bringing the nascent software revolution to investing. In 1988, the firm's first employees bought a single computer. It cost roughly $25,000 and just fit in the gap between the refrigerator and the coffee maker of their one-room office. They used it to develop a system called Aladdin.

Aladdin solved the numbers problem BlackRock's founders had seen at older firms: different teams investing off different, often incomplete, datasets. With Aladdin, everyone could see the same, more accurate view of portfolio risk—which is essential when deciding where to invest. It worked so well that even competitors wanted to use it. So we expanded—offering not just financial services, but financial technology. Today, one in three BlackRock employees is a software engineer or technologist.[8]

We kept listening to the market. We'd figured out a better way to manage risk. *But what else did investors want?*

By the early 2000s, the answer was clear: the scale to invest globally, and the roots to invest locally.

Why globally? Because markets don't exist in a vacuum. They rise and fall with the world—its breakthroughs, its breakdowns, and everything in between. BlackRock was founded one year after Wall Street's biggest crash since the Great Depression—and one year before the Berlin Wall fell.[9] Since then, the world has changed again and again—from the global financial crisis to the pandemic. In these moments, our clients need more than just information. They need scale. They need the ability to seize opportunity quickly wherever it exists in the world.

> **BlackRock is a global firm, but one that operates hyper-locally. We connect our clients to both local and global capital markets.**
>
> **Larry Fink**
>
> Chairman and CEO, BlackRock

At the same time, many clients want their money to support the places they call home. They want markets to channel their investments into local businesses, industries, and jobs. These investments don't just strengthen their communities—they can also strengthen their own portfolios. Because when a country grows, so does the wealth of those who help build it.

So we set out to make BlackRock both bigger and smaller. Bigger—by building 89 offices across more than 30 countries, more than the next two largest asset managers combined.[10] And smaller—by putting people on the ground who know their markets inside and out.

Our German clients don't see the world like our Australian ones, who don't see it like clients in the United States. Different places have different priorities, values, anxieties, and dreams. But if your worldview never leaves New York or London, you'd never know it.

BlackRock knows this because we aren't just in those countries—we're of them. German in Germany. Japanese in Japan. Mexican in Mexico.

What began with eight American bond traders is now a truly global firm, with most of our people outside the United States, working across nearly every major financial market on Earth.

Being both global and local isn't just marketing boilerplate—it's how you actually understand what your clients want, and why it matters.

We provide greater access by making investing easier and more affordable.

In 2009, BlackRock acquired the business that would become the iShares platform we know today. The deal launched a simple but powerful revolution—making investing both **easier and more affordable** for millions.

One iShares product is the "target date fund," which makes retirement investing straightforward because investors only have to answer one question: What year do they expect to retire? Once people choose their "target date," the fund automatically adjusts their portfolio, shifting from higher-return equities to less risky bonds as they approach retirement.[11]

BlackRock also **lowered fees** with these products.[12] A generation ago, even basic investments like mutual funds might cost you an annual fee of $1 or $2 for every $100 invested, and those dollars added up over time. If you held on to an investment for 25 years, around half of your original savings was drawn out of your account just to cover the fees.[13] But since 2009, BlackRock has offered investments with fees as low as 3 cents per $100. Some of our most popular products, iShares ETFs, or "exchange-traded funds," have saved our clients $642 million in fees since 2015.[14]

Today, we offer more quality ETFs than anyone else according to Morningstar, an independent ratings organization. Of the 2,900 top-performing funds across the entire ETF market, almost a quarter of them— 725 —are BlackRock's. That's more than double our next highest-performing competitor.[15]

It's one example of what clients increasingly say they like most about investing with BlackRock: **a choice of high-performing options of how and where to grow their money.**

We provide our clients with more choices to meet their individual needs.

Many other asset managers tend to stay specialists in specific asset classes like fixed income or alternative investments. There's nothing wrong with a narrow focus, except that it can lead asset managers to make decisions by asking, "What do I think I'm good at investing in?" and not, "What do my clients want to invest in?"

We take the opposite approach. Our experience with ETFs taught us a deeper truth: Good managers help clients choose from what's available. **Great managers create what their clients need.**

ETFs democratized investing by breaking down barriers across many markets—but one major divide remained: the wall between public and private markets.

The important assets shaping our economic future—ports, power grids, data centers, and the fastest-growing private companies—aren't traded openly on exchanges. They're locked inside private markets, accessible only to the wealthiest institutions and investors.

Today, that barrier keeps capital from reaching areas of the economy where it's needed most—and keeps everyday investors from accessing opportunities for growth and diversification. In

2024, **we made three strategic acquisitions with the goal of further democratizing investing**

- **Global Infrastructure Partners** acts like a pipeline itself, giving our clients direct access to landmark infrastructure assets that help power economies and societies across the world.

- **HPS** opens the door to private credit markets, connecting BlackRock's clients directly to the businesses powering the global economy.

- **Preqin** does for private markets what Zillow did for U.S. real estate or Bloomberg did for stocks and bonds, providing clear data that makes opaque private markets transparent, investable, and, eventually, indexable.

Over the past four decades, we've grown from an eight-person, one-room, one-computer startup into the world's largest asset manager.

That wasn't inevitable. It was earned.

We did it by reinventing the investment industry for our clients. They trusted us with their money and told us their needs. And instead of asking them to adjust their goals to fit what was possible, we changed what was possible to meet their goals.

> **We constantly evolve and diversify our global platform to serve clients across their whole portfolio.**

In short, BlackRock became BlackRock by being willing to change everything except for the basic business model: We succeed when our clients do.

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[1] Black Monday, October 19, 1987 led to global losses of $1.71 trillion and were partially caused by fear that stocks were significantly overvalued and uncertainty regarding recent volatility; Schaede, Ulrike (1991). "Black Monday in New York, Blue Tuesday in Tokyo: The October 1987 Crash in Japan". California Management Review. 33 (2): 39–57

[2] The Federal Reserve, *Survey of Consumer Finances*, 1989-2022, (2022). Note: Includes direct and indirect stock ownership

[3] Based on a $1,000 investment from January 1960 to December 1990. Assumes reinvestment of all dividends. Past performance is not indicative of future results.

[4] The world's largest 500 asset managers, (2024), p.50

[5] BLK Estimates based on AUM as of December 31st, 2021 and Cerulli data as of 2020. ETF assets include only qualified assets based on Cerulli data, and assumes 9.5% of institutionally held ETFs are related to pensions or retirement. Institutional estimates includes assets defined as "related to retirement" and are based on products and clients with a specific retirement mandate (e.g., LifePath, pensions). Estimates for LatAm based on assets managed for LatAm Pension Fund clients, excluding cash.

[6] BlackRock as of Dec. 31, 2021. The overall number of Americans is calculated based on estimates of participants in BlackRock's Defined Contribution and Defined Benefit plan clients. The Defined Contribution number is estimated based on data from FERS as well as ISS Market Intelligence BrightScope for active participants across 401(k) and 403(b). Defined Contribution includes plans with over $100M+ in assets where participants have access to one or more BlackRock funds; some may not be invested with BlackRock. The Defined Benefit number is estimated based on data from public filings and Pension & Investments for the total number of participants across the 20 largest U.S. Defined Benefit plans that are not also Defined Contribution clients of BlackRock.

[7] Represents the total number of active public schoolteachers enrolled in defined benefit plans with assets managed by BlackRock. Excludes Virginia, Alaska and Pennsylvania pension clients, as the states' DB plan is not the default plan for its participants. Public school teachers count from the National Center for Education Statistics, projection for 2022 school year. Pensions participation rate based on data from the U.S. Bureau of Labor Statistics: 89% as of March 2022.

[8] BlackRock as of 3/31/23.

[9] Federal Reserve History, *Stock Market Crash of 1987*. In the United States, the Dow Jones Industrial Average (DJIA) dropped 22.6 percent in a single trading session, a loss that remains the largest one-day stock market decline in history.

[10] 1. BlackRock AUM as of December 31 2023; BlackRock Office Information as of September 30, 2024 2. Vanguard AUM as of 31 December 2023; Vanguard Office Information 3. Fidelity AUM as of December 31 2023; Fidelity Office Information.

[11] BlackRock, What is a target date fund?

[12] BlackRock as of December 31, 2023. Cumulative cost-savings figure is calculated by taking the difference between the previous fund expense ratio and the new fund expense ratio from 2015 through December 31, 2023, multiplied by the fund assets under management at the time of the fund reduction. Methodology does not account for compounding savings over time.

[13] A mutual fund that charges 3% in annual expense fees will reduce the investment principal to half in around 24 years, Investopedia

[14] BlackRock as of December 31, 2024. Cumulative cost-savings figure is calculated by taking the difference between the previous fund expense ratio and the new fund expense ratio from 2015 through December 31, 2024, multiplied by the fund assets under management at the time of the fund reduction. Methodology does not account for compounding savings over time

[15] Morningstar, as of April 30, 2025. 725 of the 2906 (25%) Gold or Silver rated global ETFs in the industry are iShares/BLK products. Ratings are calculated on a monthly basis, based on risk adjusted returns. Prospectus Offering Language: Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing. Investing involves risk, including possible loss of principal. Past performance does not guarantee future results. Distributor of the Funds: The Funds are distributed by BlackRock Investments, LLC (together with its affiliates, "BlackRock". The Morningstar Medalist Rating™ is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to global.morningstar.com/managerdisclosures/. The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.

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