Adding structure to your portfolio with infrastructure

2023 BlackRock Infrastructure

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In a market regime of higher macro and market volatility, infrastructure assets offer the potential of stable returns, inflation mitigation, diversification benefits and an opportunity to drive the energy transition forward.

1 Resilient returns

Potential to deliver stable income and a return premium over fixed income and equities across different market cycles for the long-term

2 Inflation mitigation

Explicit and implicit linkages to inflation strengthen portfolio performance during high inflation environments

3 Diversification benefits

Offers diversification in periods of market volatility due to its idiosyncratic risk characteristics and low correlation to other asset classes

4 Transition outcomes

Infrastructure is an essential fabric of our society and represents a unique opportunity to drive the transition forward

Source: BlackRock, 22 May 2023. For illustrative purposes only.

A generational opportunity for today's portfolio challenges

The new regime at play. We are seeing the new regime of higher macro and market volatility play out. Central banks across the world have hiked rates rapidly in their fight to pull inflation down to their 2% policy targets. We see them holding rates higher for longer to deal with elevated inflation, even as recessions loom. Increased volatility gives way to heightened uncertainty, with many investors unable to predict how markets will react to 2023's various shocks.

Beta tailwinds are gone. The widely held approach designed to work in the conditions defined by the Great Moderation will no longer allow investors to extract the returns they once did. Mining the alpha returns in the market will require an active and nimble portfolio construction approach where infrastructure is a key component. Against this backdrop, infrastructure offers resilient returns, inflation mitigation, diversification benefits and an opportunity to drive the transition forward.

Infrastructure is essential. Infrastructure is central to the fabric of our society and it's vital for economic growth. It provides basic services that impact peoples' daily lives – think energy, power, digital, and transport – which are indispensable for the well-being and progress of societies *(figure 1)*.

A historic investment opportunity. Most importantly, infrastructure plays a central role in accelerating the transition forward. The next 30 years will be transformational in the way we make and use energy, move goods and people, and reshape the environment.

The International Energy Agency ("IEA") estimates US$100 trillion of new infrastructure investment is needed by 2050.

Fundamentals have aligned. Conditions to boost further infrastructure investment are now more aligned. Global policies are providing unprecedented incentives and investment in infrastructure has reached new heights.

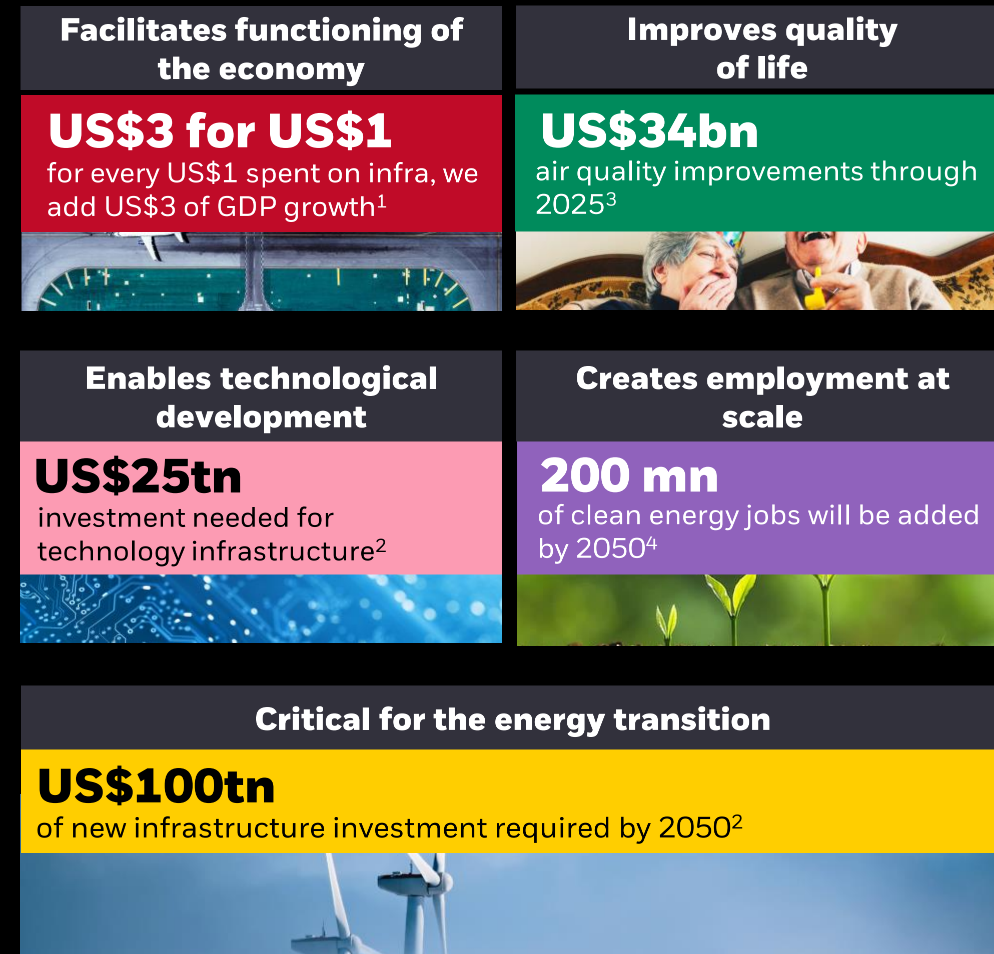
Global policy support for the transition. In the United States, the Inflation Reduction Act ("IRA") is the U.S.' largest commitment to address climate change in history. We expect the US$370 billion plan to add as much renewable capacity generation in the next 5 years as it had in the past 20 years.

Europe is no exception. March 2023's European Green Deal and REPowerEU legislation, has increased the continent's binding renewable generation target to 45% by 2030, nearly doubling its previous share.

Similarly, Asia Pacific's, mature economies, such as South Korea, Japan, Taiwan, Australia, and New Zealand, have introduced energy pledges to reduce their coal dependency, which currently represents 50% of their energy consumption.

Investor demand. According to BlackRock's 2023 Private Markets Survey, approximately ~69% of institutional investors are looking to increase or maintain their allocations to infrastructure assets.

FIGURE 1: INFRASTRUCTURE IS ESSENTIAL



Source: BlackRock, 22 May 2023. Sources: 1 Council on Foreign Relations, November 2021. 2 International Energy Agency (IEA), World Energy Outlook, 2022. 3 World Economic Forum, data as of January 2022. 4 McKinsey Center for Future Sustainability Insights, Outlook 2022.

Stable income

The resiliency of infrastructure over time

Getting the asset mix right will be more difficult going forward. The 60/40 portfolio – 60% allocated to equities and 40% to bonds – has long been a mainstay of traditional portfolio allocation. We find that the risk premium, or the compensation investors demand for taking risk, will be higher going forward. Therefore, we believe portfolios built for the new regime will need to account for a higher allocation to infrastructure assets.

Resilient returns and stable income over time. Historically, infrastructure assets have delivered a consistent income and a return premium relative to public equities and fixed income across various market cycles *(figure 4)*. For example, during the 2008 financial crisis, as global equities returns fell by more than 40%, private infrastructure companies tracked in the EDHEC300 index delivered a 3.4% total return.

Most recently, last year when both global stocks and fixed income fell more than 20%, infrastructure assets delivered a 5% total return.

Infrastructure holding up well vs. other asset classes. Infrastructure assets have historically offered equity-like returns, at a lower risk profile with similar stability to fixed income *(figure 3)*. Infrastructure return dispersion – the difference between the highest and lowest return over the last 20 years – stands at 35%, this is comparable to the fixed income return dispersion of 36% and is less than half of the 77% equities' range *(figure 2)*.

FIGURE 2: RETURN DISPERSION

	Infra	Equities	Bonds
Lowest	-2.8%	-42.2%	-19.9%
Highest	32.8%	34.6%	16.5%
Range	**35.7%**	**76.8%**	**36.4%**

The three main reasons why this is the case are:

1. Intrinsic value. Infrastructure tends to act as a store of value throughout the economic cycle given its essential nature.

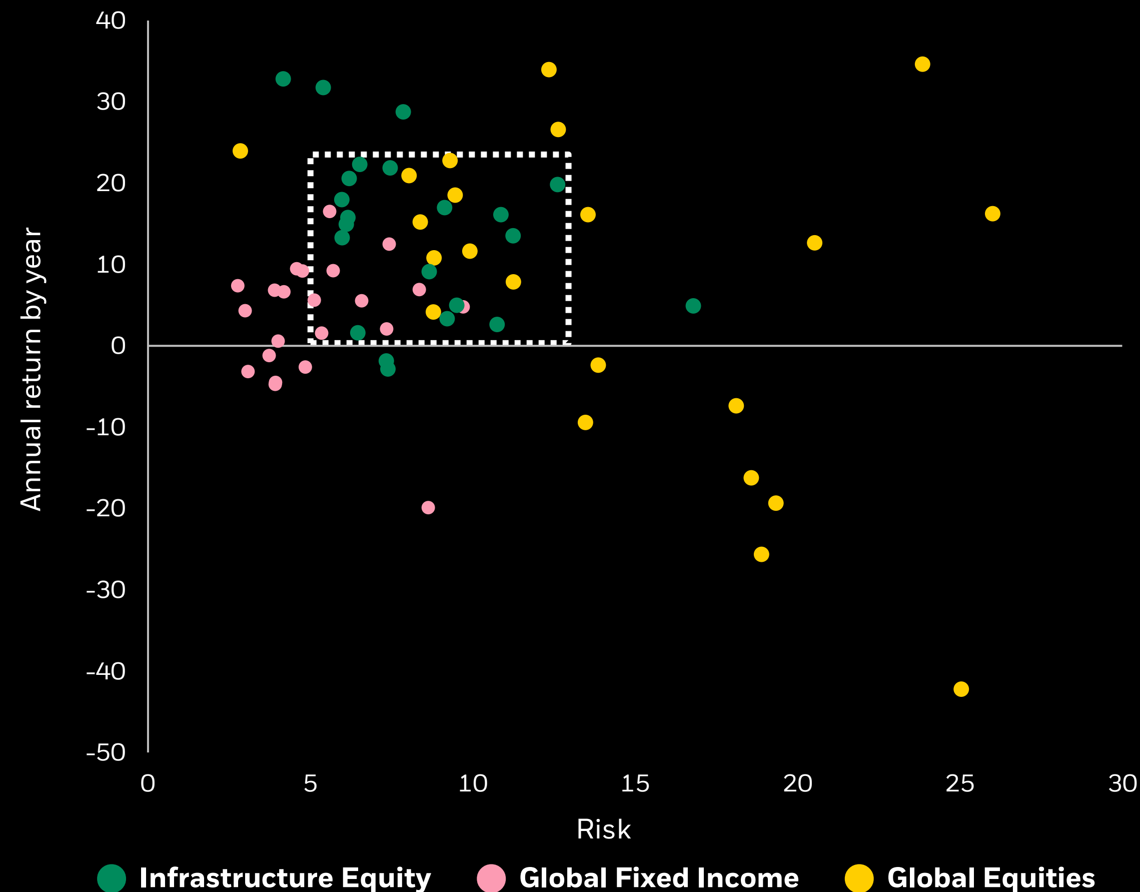
2. Diversification. Infrastructure assets have idiosyncratic risk factors that can diversify economic growth and real rate risk concentration. The returns are derived by the overall performance of the asset, which are disconnected from capital markets trends.

3. Low volatility. The revenues tied to infrastructure assets are backed by long-term contracts with creditworthy entities, helping deliver stable cash flows.

These characteristics generally allow infrastructure investments to perform well on a relative basis throughout economic cycles.

FIGURE 3: ANNUAL ASSET PERFORMANCE RANGE

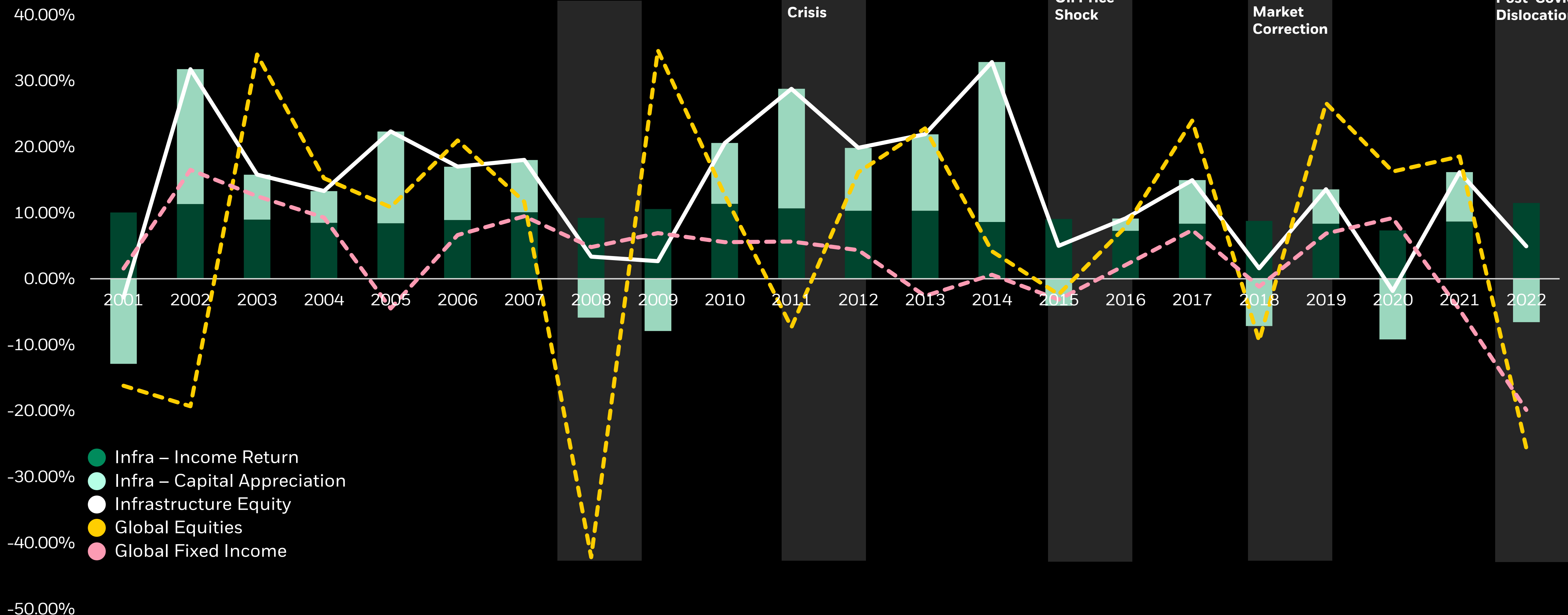
Infrastructure assets have offered the returns of equities and similar stability of fixed income



Past performance is not indicative of future results. All investing is subject to risk, including possible loss of money invested. Performance results will vary. Accordingly, performance may be higher or lower than results cited. Index returns are for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged; direct investment in an index is not possible. Source: BlackRock, 22 May 2023. The dots show current year-to-date returns as of September 2022 (annual data since January 2001). Standard Deviation is a measure of the extent to which observations in a series vary from the arithmetic mean of the series. This measure of volatility or risk allows the estimation of a range of values for a manager's returns. The wider the range, the more uncertainty, and therefore the riskier a manager is assumed to be.

Stable income

FIGURE 4: INFRASTRUCTURE RETURNS (2001-2022)



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Inflation mitigation

Infrastructure as a potential inflation hedge

Living with inflation. Long-term economic trends, such as an aging workforce, labor shortages, and geopolitical fragmentation, will likely keep inflation elevated for the foreseeable future. The cost of inflation staying somewhat higher for longer means that strategic portfolio planning should include specific inflation mitigations.

Staying ahead of inflation with infrastructure assets. Infrastructure is a unique asset class with characteristics that can provide resilience in the current rising rate and high inflationary macroeconomic environment. Infrastructure assets benefit from contractual mechanisms that mitigate inflation impacts on operating margins.

Historical infrastructure outperformance in high inflationary environments. The returns of private infrastructure companies tracked in the EDHEC300 index increased by 23% through low growth and high inflation scenarios. This compares favorably to major public equity and fixed income indices, which delivered 2% and 8% returns, respectively.

Similarly, in periods of high growth and high inflation, private infrastructure assets delivered 17% returns; equities delivered 16% and fixed income 0% by comparison *(figure 5)*.

Explicit linkages. Infrastructure assets have long term revenues that are often contracted or regulated in nature, with examples including power purchase agreements (“PPAs”) or take-or-pay contracts.

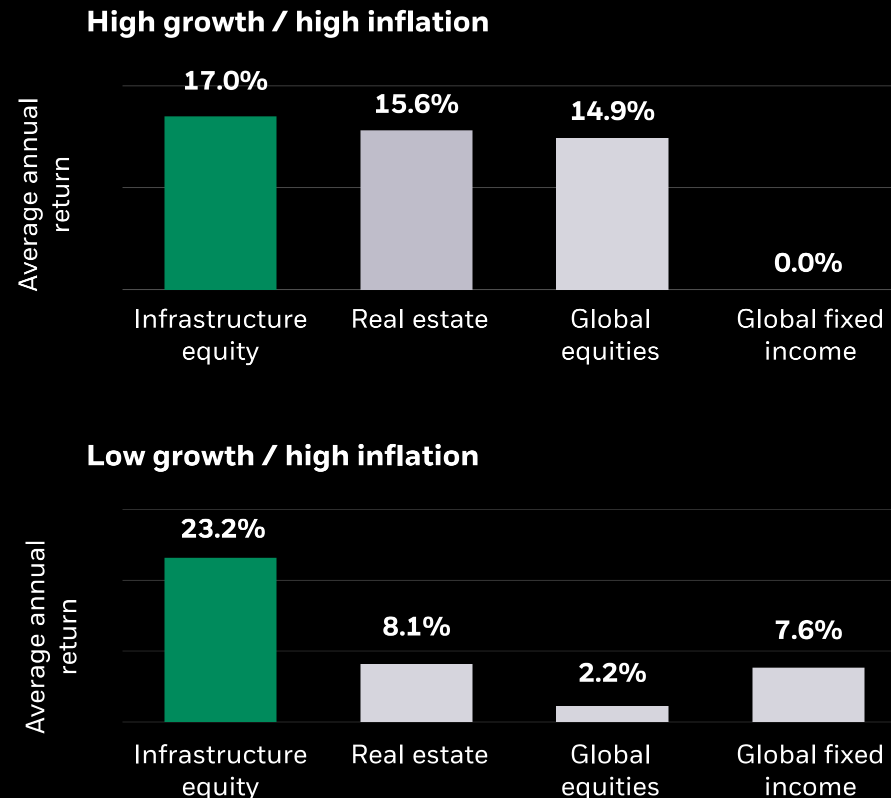
These pricing mechanisms enable to set the purchase of energy in agreed volumes and at stable prices over time, allowing cash flows to keep pace with inflation and avoid any margin contraction.

Implicit linkages. Replacement costs provide implicit linkages to inflation. Over time, aging infrastructure needs to be upgraded or replaced, which involves massive CAPEX in materials, labor, and equipment. Fixed operating and maintenance contracts allow businesses to stabilize cost even when inflation rises.

Real world observations. Our analysis of a stagflation scenario concluded that infrastructure provided downside protection to a traditional portfolio. For every 2.5% incremental increase to infrastructure, a traditional portfolio can potentially decrease its expected loss by ~80bps *(figure 6)*.

FIGURE 5: AHEAD OF INFLATION

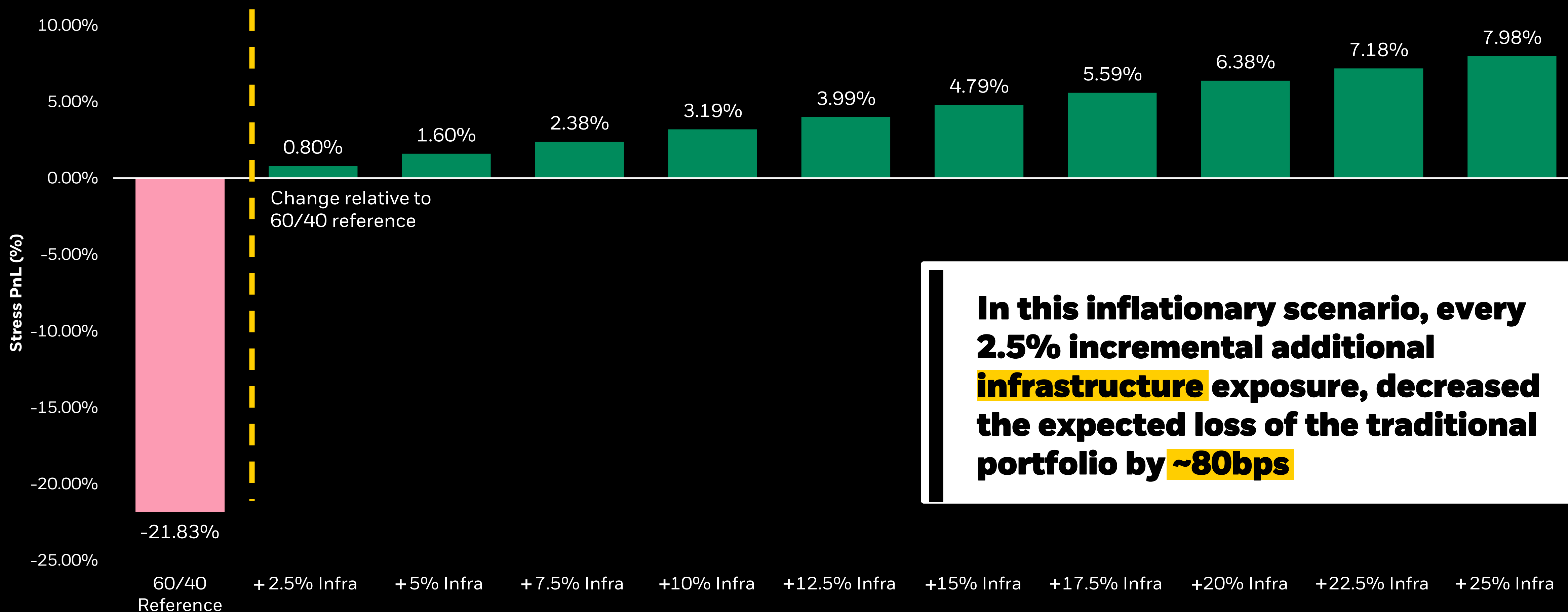
Historically infrastructure has outperformed compared to other asset classes during high inflationary environments



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.
Source: Bloomberg, Barclays (Investment grade: US Agg Bond; Gov’t bonds: US Gov’t Agg TR), NCREIF, MSCI (Global Real Estate); EDHEC (Infrastructure: All equity) and S&P (Stocks: S&P 500); as of 22 May 2023 (annual data since 2001). The charts are based on an illustrative US economic scenario. Past performance is not indicative of future results. You cannot invest directly in an unmanaged index. High growth periods are when U.S. GDP > 2.5% and high inflation periods are when U.S. CPI > 2.5%.

Inflation mitigation

FIGURE 6: CHANGE IN STRESS PNL – STAGLATION 1974



Source: BlackRock Aladdin Risk Model with asset class exposures as of 22 May 2023. 1974 Historical Stagflation Scenario. Policy variable shocks are based on actual factor returns in the year 1974. BlackRock's US Fundamental Risk Equity Model equity factors are proxied by Fama-French factors with volatility adjustment. For more information, see "Stress Test Scenario Definitions" and "Stress Test Scenarios Methodology, Assumptions and Limitations" at the end of this presentation.

Diversification benefits

Building more resilient portfolios

Equity and fixed income relationship, from negative to positive. The traditional approach designed to work in the conditions defined by the Great Moderation saw long-term bonds work to cushion against risk asset selloffs. We think this era is over and strategic infrastructure allocations is one of the keys to building more resilient portfolios.

Low correlation to other asset classes. Infrastructure equity exhibits low correlation to traditional asset classes due to its idiosyncratic characteristics. We calculate the correlation coefficient of private infrastructure to both global equities and bonds at 0.6 and 0.1 respectively *(figure 7)*.

FIGURE 7: CORRELATION MATRIX

	Bonds	Equities	Infra
Bonds	1.00	0.01	0.16
Equities	0.01	1.00	0.62
Infra	0.16	0.62	1.00

Risk decomposition explained. Infrastructure assets have idiosyncratic risk factors that can diversify economic growth and real rate risk concentration. The returns are derived by the overall performance of the asset, which are disconnected from capital markets trends.

Diversification benefits. Our research finds that adding infrastructure to a traditional 60/40 portfolio, can potentially increase returns while diversifying risk. The optimal portfolio allocation has a 35% exposure to infrastructure *(figure 8)*.

Building more resilient portfolios with infrastructure. Holding strategic allocations to infrastructure can potentially help investors reap the potential benefits that stem from its distinctive risk profile.

A dedicated infrastructure position, held as part of a broadly diversified long-term portfolio, has the potential to increase both the efficiency and durability of the portfolio's returns *(figure 9)*.

FIGURE 8: LOOKING FOR CHANGE

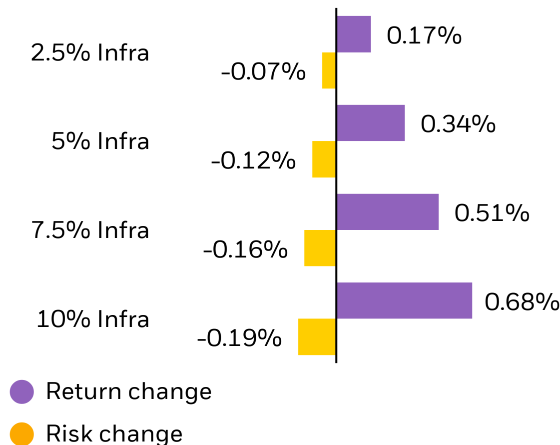
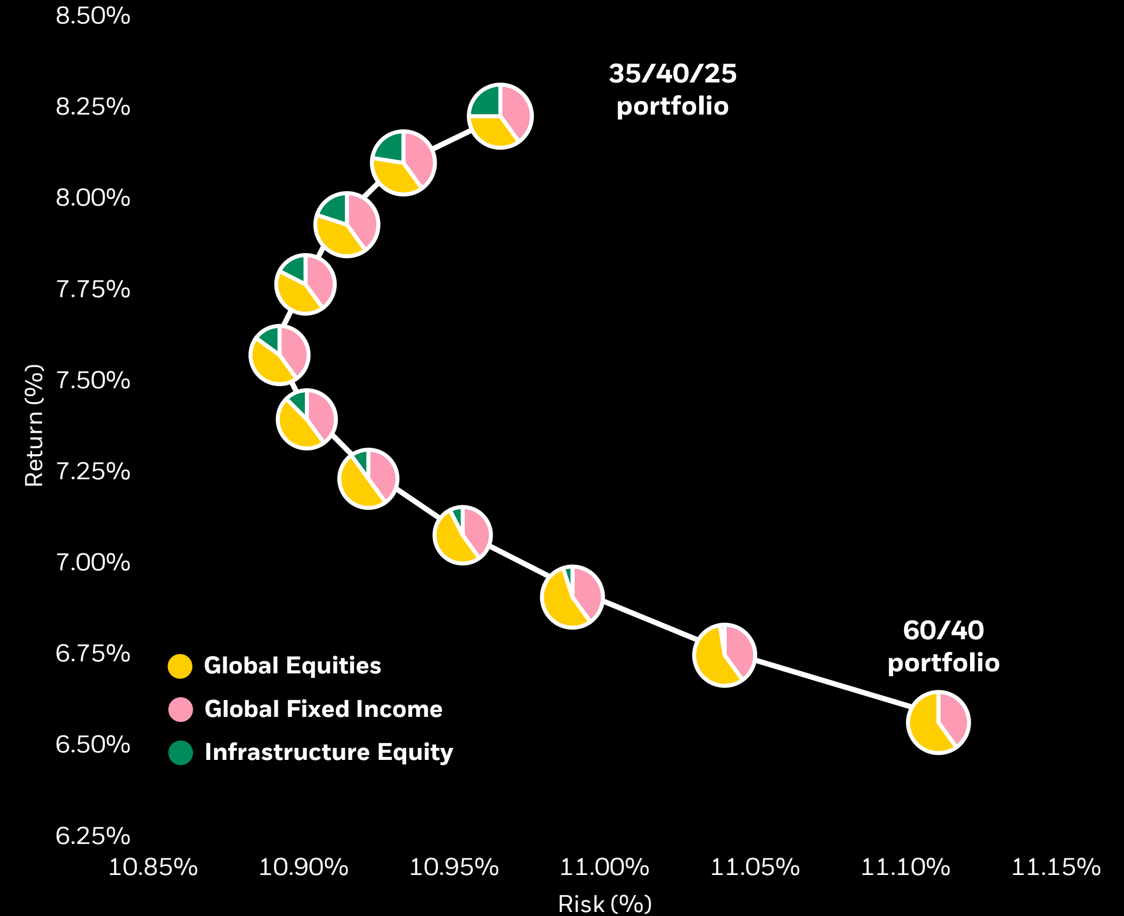


FIGURE 9: RISK / RETURN RELATIONSHIP

Adding a higher percentage of infrastructure assets to your portfolio increases the standard deviation between risk and return



Source: BlackRock, 22 May 2023, based on BlackRock's Capital Market Assumptions. Expected Returns are net of fees and expenses and calculated using a model fee equal to 0.30%, which represents the highest advisory fees charged for an institutional client. Expected returns also reflect reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had that expense been deducted, performance would have been lower. There is no guarantee that the capital market assumptions will be achieved, and actual risk and returns could be significantly higher or lower than shown. Hypothetical portfolios and risks shown are for illustrative discussion purposes only and no representation is being made that any account, product or strategy will or is likely to achieve results similar to those shown. Expected risk is calculated using the expected volatility assumptions. Expected risk is defined as annual expected volatility and is calculated using data derived from portfolio asset class mappings, 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 marketplace. 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. See "Capital Market and Modeling Assumptions" section.

Transition outcomes

FIGURE 10: POSITIVE, MEASURABLE OUTCOMES

Infrastructure assets provide positive, measurable outcomes and are critical to driving the transition forward

Source: BlackRock Aladdin Risk Model with asset class exposures as of 22 May 2023. 1974 Historical Stagflation Scenario. Policy variable shocks are based on actual factor returns in the year 1974. BlackRock's US Fundamental Risk Equity Model equity factors are proxied by Fama-French factors with volatility adjustment. For more information, see "Stress Test Scenario Definitions" and "Stress Test Scenarios Methodology, Assumptions and Limitations" at the end of this presentation.

Risks Warnings & Important Information

This paper was written and prepared by Marta Muncharaz Duran.

Stress Test Scenario Definitions

Scenario Name	Scenario Type	Historical Period	Description of Event
Stagflation 1974	Historical Scenario	Jan, 1974 - Dec, 1974	1974 Historical Stagflation Scenario. Policy variable shocks are based on actual factor returns in the year 1974. BlackRock's US Fundamental Risk Equity Model equity factors are proxied by Fama-French factors with volatility adjustment.

Methodology and Assumptions

Risk calculations performed using BlackRock Solutions Aladdin risk model. Each portfolio component is mapped to a broad set of risk factors; the parametric sensitivity to changes in key interest rates, spreads, and other risk factors is calculated for each portfolio component. The parametric exposures are then summed using the appropriate portfolio weights to compute the portfolio's exposure to systematic market risk factors. BlackRock Solutions' parametric return model then uses the risk factor changes and exposures in the specified time period to estimate the return of the portfolio.

Historical scenarios are calibrated to historical markets and the shocks used are representative of the actual market moves during these periods. Each portfolio component is mapped to a broad set of risk factors; the parametric sensitivity to changes in key interest rates, spreads, and other risk factors is calculated for each portfolio component. Market-Driven scenarios simulate current portfolio through hypothetical large market shocks and geopolitical stresses. These are also defined by a set of risk factors with carefully calibrated shocks. The remaining market shocks are implied using a covariance matrix.

Stress test scenarios were performed using Portfolio Risk Tools, a proprietary BlackRock Solutions software. Scenarios have been chosen based on risks relevant to the peer group based on the composition of the portfolios and desire to protect against downside risk. Stress test performance is determined by the implied shock to each risk factor that the security or portfolio is exposed to. Shocks for unconstrained risk factors (i.e. implied interest rate moves, economic and market volatility, etc. in the risk model were derived using their historical correlations with the constrained factors). Implied shock scenarios provide the ability to perform hypothetical stress tests with the full risk factor set. Relationships between risk factors and implied shocks are derived using historical correlations and BlackRock analysis.

Please note that this list of assumptions does not include all assumptions that may have been applied to a particular model and that the models themselves do not factor in every performance factor that can have a significant impact on a portfolio. Since many potential scenarios may exist, it is impossible to show all of the potential circumstances that would yield similar results. Actual events will vary and may differ materially from those assumed. It is provided to illustrate the estimated investment P&L of a company in a specific stress scenario. Actual returns may vary. The model is based purely on assumptions using available data, based on past and current market conditions, and assumptions relating to available investment opportunities, each of which are subject to change. The model is subject to significant limitations. It cannot account for the impact that economic, market, and other factors may have on the implementation of an actual investment. In addition to the variables identified above, the return of any portfolio will vary materially from the return shown based on numerous factors including, but not limited to, current market conditions, the specific securities in the portfolio, and the current leverage costs, among others. While leverage can increase returns, it also increases risk of loss. This model is not intended to provide, and should not be relied upon for investment, accounting, legal or tax advice, nor used with any third-parties.

Limitations

Hypothetical performance has inherent limitations. Such results do not represent actual trading, and thus may not reflect material economic and market factors, such as liquidity constraints, that may have had an impact on our actual decision-making. No representation is made that a portfolio will achieve results similar to those shown, and performance of actual portfolios may vary significantly from the hypothetical results.

No representation is made as to the accuracy or completeness of the scenario analysis shown in this material or the validity of the underlying methodology, and results are provided for informational purposes only. The shocks specified give more color as to the magnitude of the moves, but are not the comprehensive set of moves that occur in each stress test. In addition, the models themselves do not factor in every performance factor that can have a significant impact on a portfolio. The scenario analysis should not be misinterpreted as constituting the actual performance of the portfolios nor should it be relied upon in connection with any investment decision relating to any product or strategy. All investments involve a risk of loss of capital, and no guarantee or representation can be made that an investment will generate profits or will avoid losses.

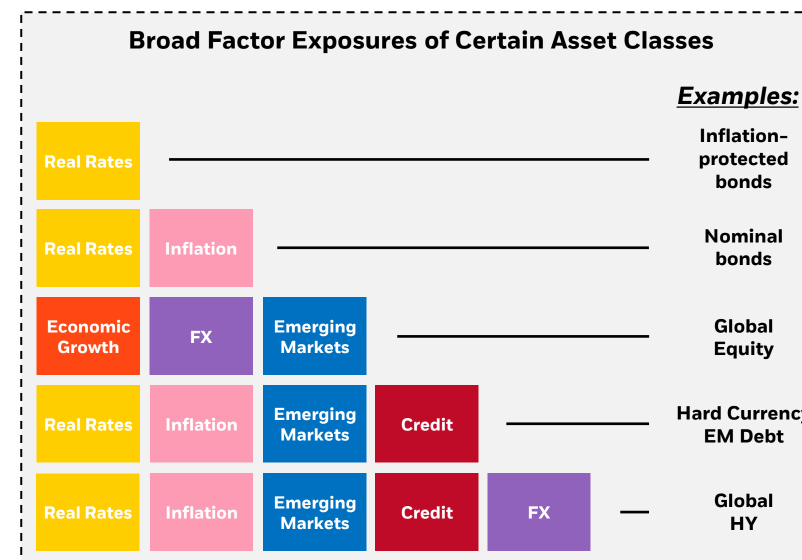
We would be happy to further discuss our methodology and assumptions at your request.

Macro Factors Glossary

Drivers of Portfolio Return and Risk

These common economic factors are intuitive, applicable across all asset classes, and explain the majority of asset class risk

Factor	Description
Inflation	Risk of bearing exposure to changes in nominal prices *Return of long nominal bonds, short inflation-linked bonds portfolio*
Real Rates	Risk of bearing exposure to real interest rate changes *Inflation-linked bond returns*
Credit	Risk of default or spread widening *Return of long corporate bonds, short nominal government bonds portfolio*
Economic Growth	Risk associated with global economic growth *Broad-market equity index returns*
Emerging Markets	Risk that emerging sovereign governments will change capital market rules *Equally weighted basket of EM asset classes: EM CDX, EM FX, and long EM equity short DM equity*
Commodity	Risk associated with commodity markets *Weighted GSCI commodity index returns*
FX	Risk associated with developed foreign currency exposure *USD-denominated basket of EUR, JPY, GBP, CAD and AUD*



Risk: Ex-ante risk is defined as annual expected volatility and is calculated using data derived from representative indices, 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.

Capital Market and Modeling Assumptions

Asset Class	Expected Return Proxy	10 yr Ann. Expected Return	Expected Risk
Fixed Income	BBG Barclays Global Aggregate Index	4.20%	5.78%
Equities	MSCI All Country World Index	9. 77%	17.07%
Infrastructure	BlackRock Proxy: Global Diversified Infrastructure Equity	16.38%	18.96%

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.

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 long-term capital market assumptions as of November 2022 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 long-term capital markets assumptions (10+ years) 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. Long-term 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.

Risk warnings

The product described does not exist and the purpose of these materials is to assist in product development and to ascertain market interest. Any future product would be subject to regulatory approval. There are no guarantees that any future product would have the features as outlined in this presentation. The proposed fund features are not final, are subject to regulatory approval and can change without notice. These materials do not constitute an offer to sell, or a solicitation of an offer to sell, securities in any jurisdiction or to any person. Prospective investors should read the full final offering documentation before investing. Subsequent investments will only be valid if made on this basis.

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

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

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

Infrastructure Funds

Infrastructure Funds invest exclusively or almost exclusively in equity or debt, or equity or debt related instruments, linked to infrastructure assets. Therefore, in addition to risks associated with investment in such equity or debt instruments, the performance of an Infrastructure Fund may be materially and adversely affected by risks associated with the related infrastructure assets including construction and operator risks, environmental risks, legal and regulatory risks; political or social instability; governmental and regional political risks; sector specific risks; interest rate changes; currency risks; and other risks and factors which may or will impact infrastructure and as a result may substantially affect a fund's aggregate return. Investments in Infrastructure assets are typically illiquid and investors seeking to redeem their holdings in an Infrastructure Fund can experience significant delays and fluctuations in value.

Liquidity Risk

The Fund's investments may have low liquidity which often causes the value of these investments to be less predictable. In extreme cases, the Fund may not be able to realize the investment at the latest market price or at a price considered fair.

Valuation risk

The Fund will be exposed to securities and other asserts that will not have readily assessable market values. The valuation of such securities and other assets is inherently subjective and subject to increased risk that the information utilised to value such assets or to create the price models may be inaccurate or subject to other error. Due to a wide variety of market factors and the nature of the securities and assets to which Fund will be exposed, there is no guarantee that any value determined will represent the value that will be realised on the eventual disposition of the Fund's investments or that would, in fact, be realised upon an immediate disposition of such investment.

Lack of available investments

The Fund will be competing for exposure to investments in a highly competitive market, against other funds, as well as individuals, financial institutions, strategic players and other investors, some of which may have greater resources than the Investment Manager. There can be no assurance that the Fund will be able to locate, attain and exit investments that satisfy its investment objectives, or that the Fund will be able to fully invest its committed capital.

Redemption risk

The Fund's investments are generally illiquid and therefore an investment in the Fund is intended for long-term investors able to accept the risks associated with an illiquid investment and who are able to commit their funds for the duration of the Fund Redemptions, to the extent they are permitted, may be limited, postponed or altogether suspended in certain circumstances.

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BlackRock Capital Market Assumptions Methodology and Limitations

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