

**BlackRock**<sup>®</sup>

# **Intermediate Taxable Fixed Income SMA**

US WEALTH ADVISORY - SEPARATELY MANAGED ACCOUNTS

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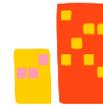
**Investing involves risk.** Certain information contained herein has been obtained from various third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. Any information expressed herein is historical and subject to change, and is not a guarantee or an indication of future results. The information expressed herein does not constitute an offer to buy or sell any securities or derivative instruments.

# **Introduction to BlackRock**

# Our story

BlackRock was founded in 1988 by eight colleagues with a single goal – provide a more thoughtful, analytical approach to investing that could deliver better returns for investors.

Our company and capabilities have grown over the years, but our purpose has remained the same: ***to help more and more people experience financial well-being.***



## We're here to help more people **invest better**

We were founded as a fiduciary driven by a desire to improve investing standards and to place our clients' interests first in all we do.



## We offer clients **more choices** to meet their individual needs

We start with our client needs and offer more options on how and where to invest their money to help meet their goals.



## We provide **greater access** by making investing easier and more affordable

We help more people access the world's markets by offering clients simpler solutions and lower fees.



## We help our clients stay ahead with our **global platform and expertise**

We provide the technology and global expertise to help our clients navigate the risks and opportunities in an ever-changing world.

# Investment Process

# Our process incorporates deep resources and expertise to:

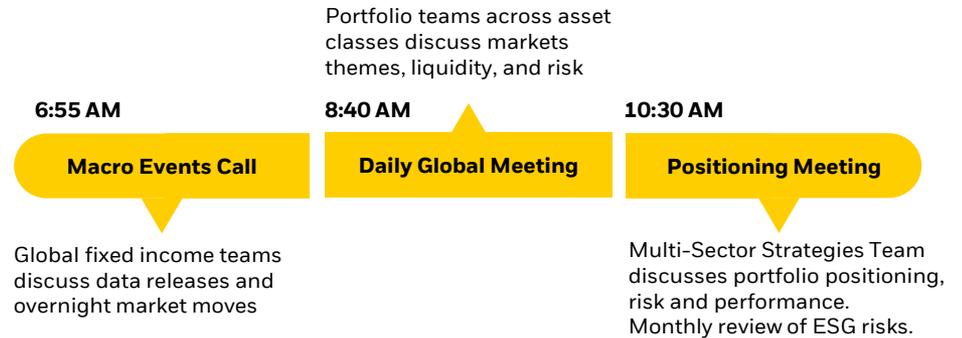
- Integrate macro, sector and security selection insights
- Budget risk to the highest quality alpha sources that seeks to provide diversified risk-adjusted returns



Diversification cannot fully eliminate the risk of investment loss and process is subject to change.

## Global forums promote idea sharing

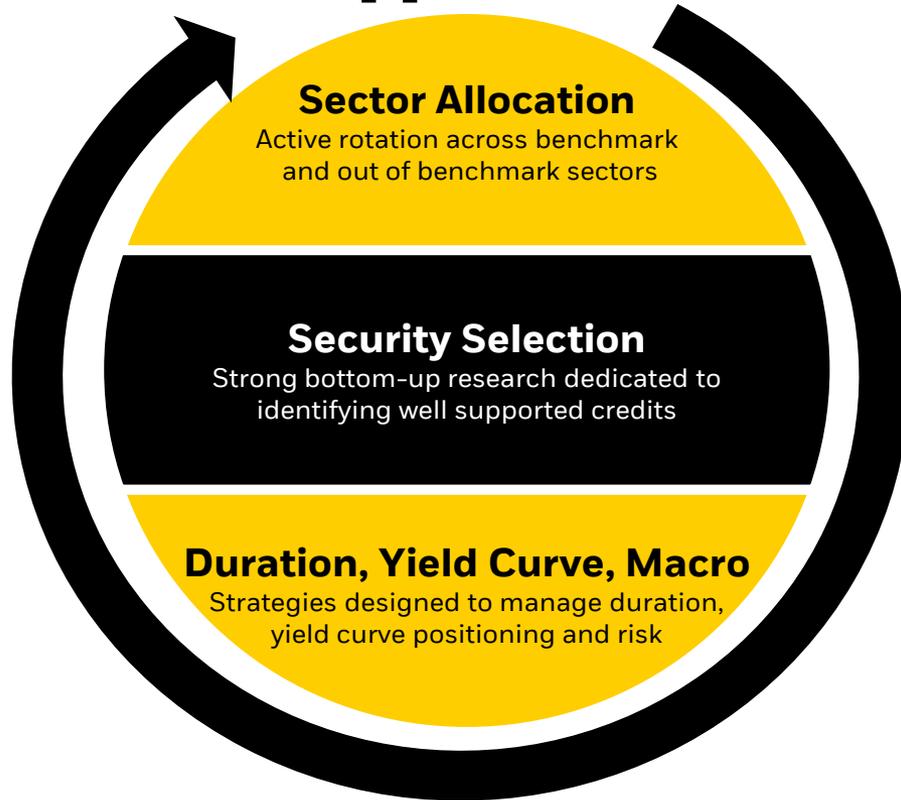
### Daily global information flow across regional experts



### Recurring meetings help identify the evolution of macroeconomic trends, monetary policy and government policy



# Unbiased Approach



# A rigorous approach that seeks to employ the best ideas across the Multi-Sector Fixed Income Strategies platform

## Core Sectors

- US Treasuries
- US Agencies
- US Mortgages
- IG Corporates
- US Municipals
- ABS
- CMBS

## “Plus” Sectors

- US TIPS
- Global Inflation Linkers
- HY Corporates
- Bank Loans
- Non-US Credit
- Non-Agency RMBS
- CLOs
- Emerging Markets

The strategy can invest up to 20% in below investment grade securities. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy.

# Security Selection

Sector specialist teams leverage the **broad resources** of BlackRock to make **bottom-up decisions**

## Differentiated insight generation

Our investors leverage their **deep market knowledge** and our **collaborative intelligence** to generate meaningful investment ideas across multiple disciplines.

## Leadership in Sustainability

Dedicated sustainability research teams partner with investors and researchers to understand **material sustainability risks and opportunities**.

## Advanced data analytics & technology

**Raw inputs useful for making decisions:** prices, ratings, shipping info, transcripts, geolocation, texts **transformed into information and informed risk taking.**

## Leveraging our breadth & reach

We **increase the capacity** of our investment teams with **dedicated capital markets and trading platforms**, enabling **informed risk taking with reduced transaction costs**.

**540+**

research analysts sharing insights globally across the firm.

**3,500+**

engagements with 2,100 companies on ESG issues

**100+**

alternative data sets integrated into our research platform

**\$180B**

deployed in primary issuance

Source: BlackRock, as of 31 December 2024. There is no guarantee that research capabilities will contribute to a positive investment outcome.

# Combine platform insights with latest big data techniques and technology to optimise portfolio construction

- We have a continuous focus on leveraging technology to sharpen investment insights and enhance our Aladdin® investment management platform



**Integration of investment and risk management process**

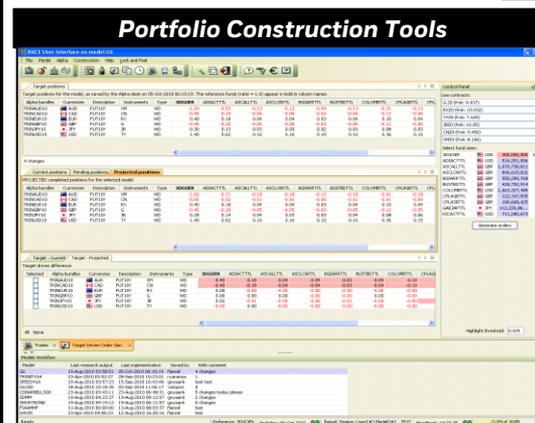
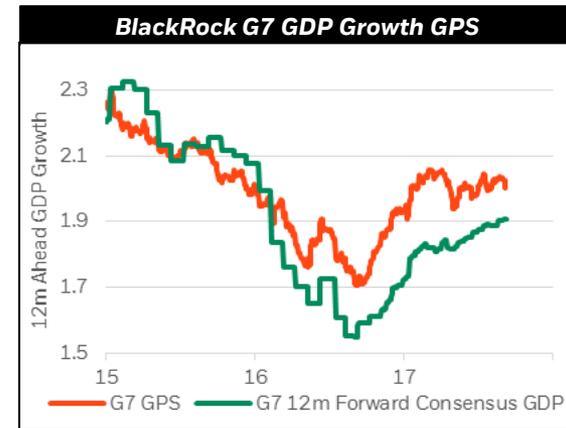
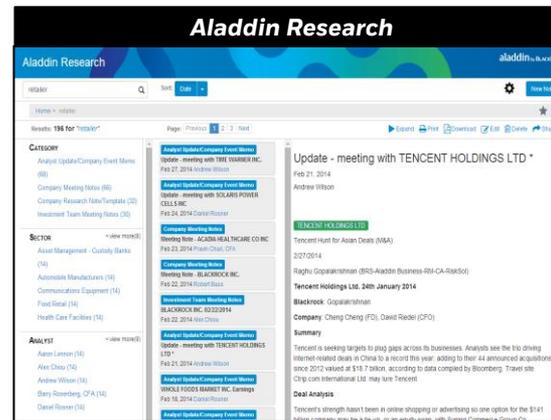


**Leveraging big data in investment process**



**Transparency into portfolio risk and performance**

BlackRock's Aladdin platform is a financial technology platform designed for institutional client use only and is not intended for end investor use. Aladdin users undertake sole responsibility and liability for investment or other decisions related to the technology's calculations and for compliance with applicable laws and regulations. The technology should not be viewed or construed by any Aladdin users, or their customers or clients, as providing investment advice or investment recommendations to any parties.



Source: BlackRock Investment Institute. Screenshots are for illustrative purposes only.

**On-going dialogue and close partnership with Risk & Quantitative Analysis (RQA) is an integral part of the investment process**

## **Risk Management:**

**Partnership between RQA and Customized Multi-Sector Team**

**1**

### **Team approach to risk management**

*Dedicated RQA professionals partner with Customized Multi-Sector Team seek to manage risk*

**2**

### **Sophisticated analytics and investment systems**

*BlackRock Solutions® produces state-of-the-practice proprietary analytics and tools*

**3**

### **Open information architecture**

*All levels of the organization share the same timely information on portfolio risk*

Source: BlackRock. Investment process is shown for illustrative purposes only and is subject to change. Risk management cannot fully eliminate the risk of investment loss.

# Credit Research: Our advantage in specialization and connectivity

The breadth and depth of our research capabilities are the foundation of our investment process



## Global, specialized IG credit research

The Team is organized geographically, and by industry to maximize specialization with collaboration helping to illuminate global trends



## Qualitative and Quantitative analysis

Rigorous and independent fundamental credit analysis anchors our investment philosophy and seeks to identify the best investment opportunities



## Direct company access

Facilitated by BlackRock's Global Corporate Access Team, with connectivity to over 5,000 companies to facilitate engagements and source market opportunities



## Investment Pod collaboration

Research analysts are entirely integrated with Portfolio Management and Trading to ensure that investment themes are actionable within portfolios

## Extensive market coverage

**45+**

Global IG research analysts, **12** in the US<sup>1</sup>

**80%**

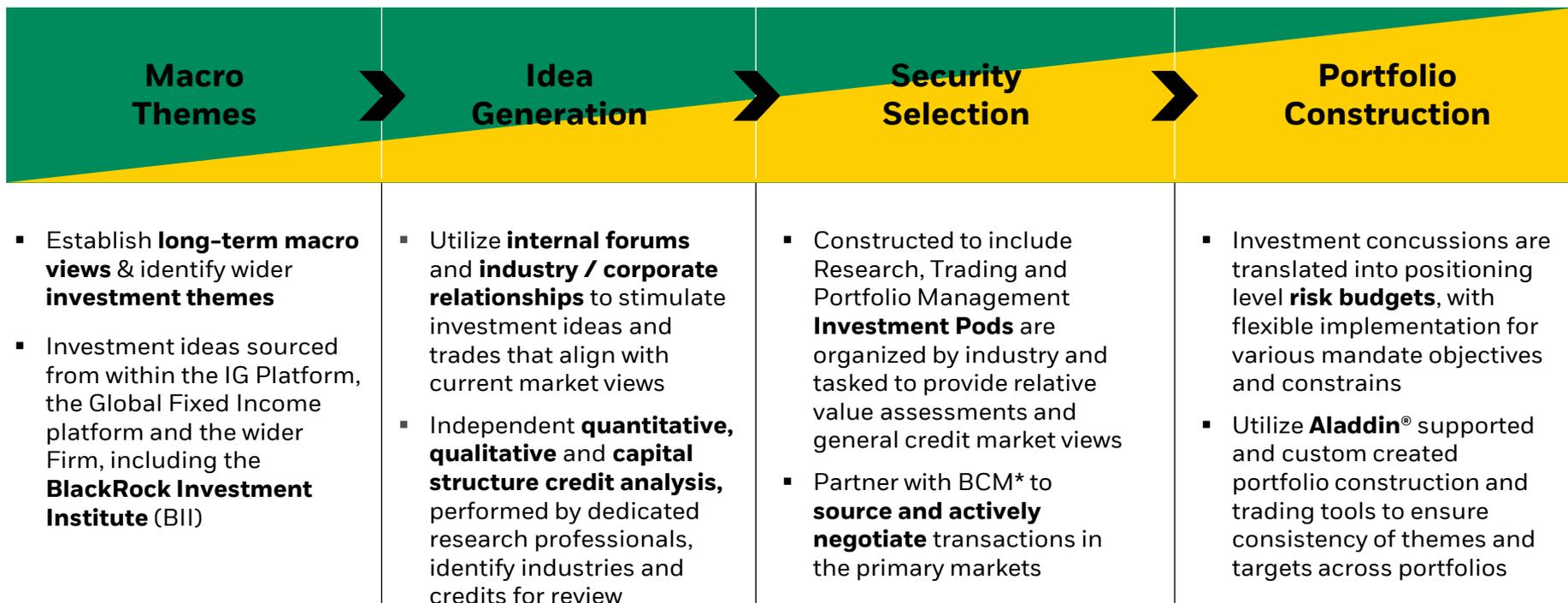
Companies covered within the Bloomberg US Corporate Index<sup>2</sup>

**~20,000**

Annual company meetings with fixed income and equity investors<sup>3</sup>

Source: Blackrock. All data as of December 31, 2024. 1) Global Research count includes analysts in the US (12), Europe (7), India (6) and Asia (23). 2) Represents coverage of issuers within the Bloomberg US Corporate Bond Index, measured by market value. 3) Meetings are measured annually across the Americas, Asia Pacific and Europe and includes meetings BlackRock schedules directly with the company along with engagements arranged and paid for from sell-side banks. All data is recorded in the BlackRock CorpAxe technology platform. Subject to change. Investment process subject to change and provided here for illustrative purposes only. There is no guarantee that research capabilities will contribute to a positive investment outcome. Risk of investment loss cannot be fully eliminated.

# A fundamentally driven and collaborative investment process, systematically executed

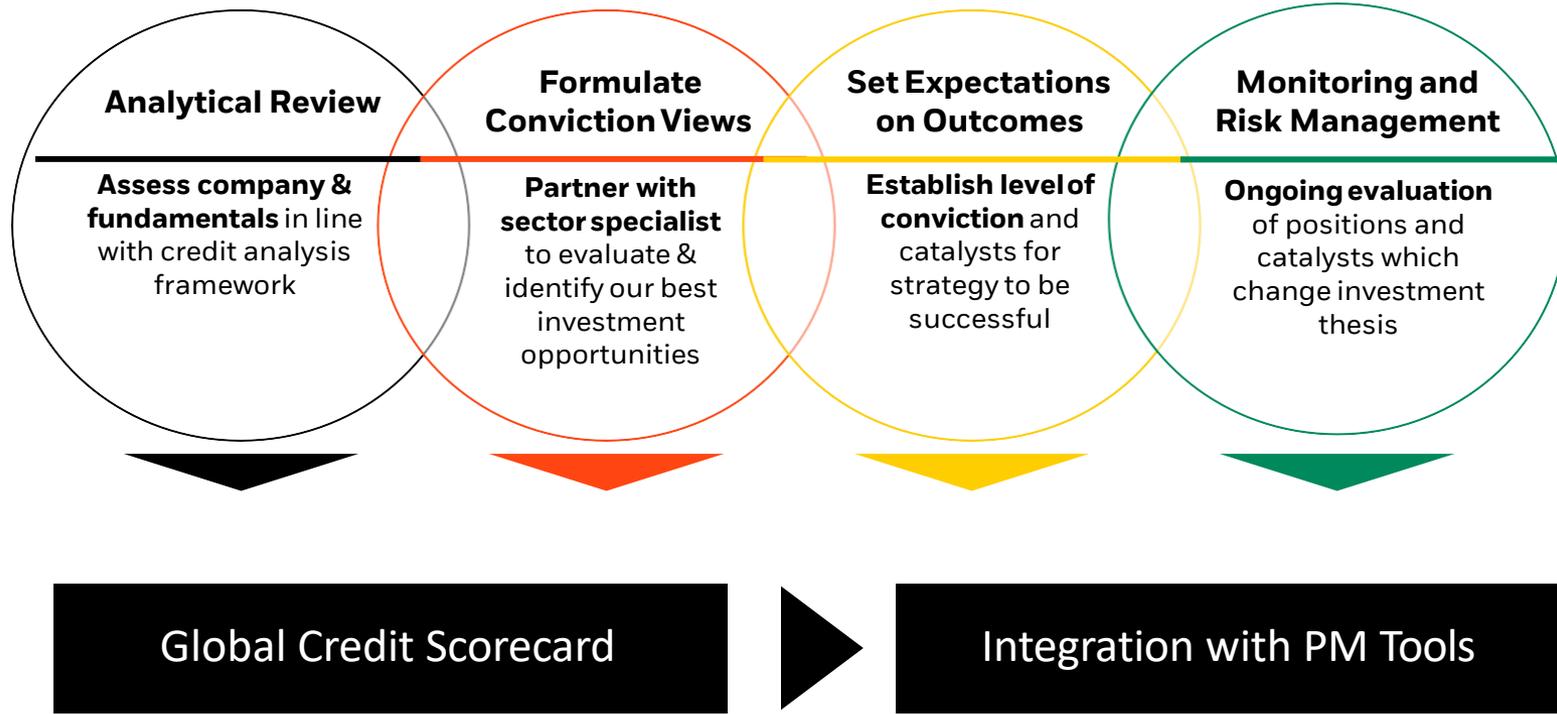


## Re-underwrite / Risk Management

- Themes and specific credit views **constantly re-underwritten** – positioning reviewed after material price moves
- Meet with RQA\* team to **monitor risk exposures and performance attribution** and maintain alignment with portfolio objectives

Source: Blackrock as of December 31, 2024. Subject to change. Investment process subject to change and provided here for illustrative purposes only. There is no guarantee that research capabilities will contribute to a positive investment outcome. Risk of investment loss cannot be fully eliminated. \*RQA=Risk and Quantitative Analysis group. BCM=BlackRock Capital Markets Group

# Credit view formulation



**Analysts and traders provide deep dive information on each issuer that is then used in portfolio construction by the PM. Some common indicators include:**

- Overall credit worthiness (strong, mixed, weak)
- Direction of credit worthiness (improving, deteriorating, stable)
- Relative value (rich, cheap)
- Weighted recommendation (overweight, market weight or underweight the issuer)
- Potential ratings downgrades (A to BBB, IG to HY)

Source: BlackRock. Investment process is for illustrative purposes only. Monitored characteristics and indicators are subject to change.

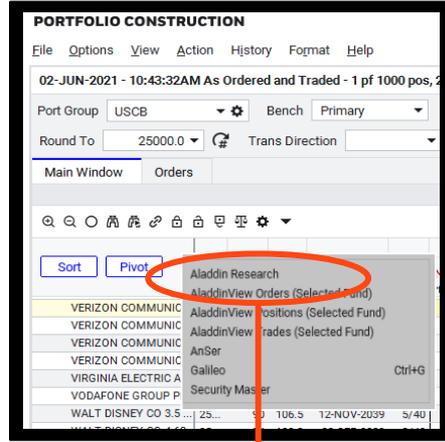
# Credit market view distribution to portfolio teams

Research Views are disseminated through Aladdin Research with all stakeholders having immediate access

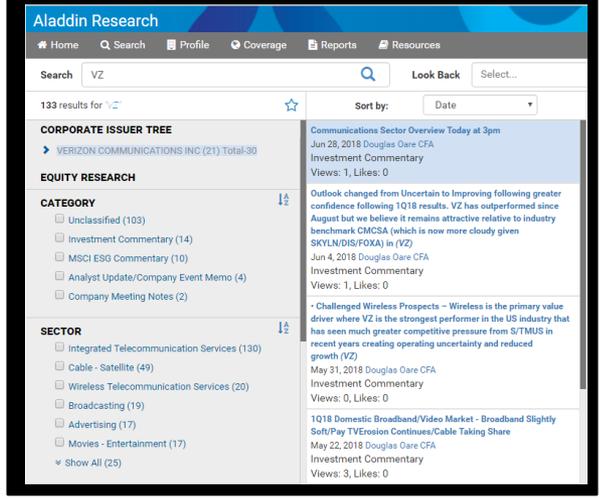
## Aladdin Research Credit Scorecard

Issuer Ticker	GFI Research Sector	US Sector Ranking	GFI Fundamental Credit View	GFI Credit Direction	US RV Recommendation	24 Month Junk Risk	24 Month BBB Risk
Hidden	Utilities	1	Strong	Stable	Overweight	Remote	Remote
Hidden	Utilities	2	Strong	Stable	Market	Remote	Possible
Hidden	Utilities	3	Mixed - positive	Stable	Market	Remote	Remote
Hidden	Utilities	4	Mixed - positive	Stable	Overweight	Remote	Possible
Hidden	Utilities	5	Mixed - positive	Stable	Market	Remote	Remote
Hidden	Utilities	6	Mixed - positive	Stable	Market	Remote	Remote
Hidden	Utilities	7	Strong	Deteriorating	Strong Under	Remote	Probable
Hidden	Utilities	8	Mixed - positive	Stable	Market	Remote	Remote
Hidden	Utilities	9	Mixed - positive	Stable	Market	Remote	Possible
Hidden	Utilities	10	Mixed - positive	Stable	Market	Remote	Remote
Hidden	Utilities	11	Mixed - positive	Stable	Overweight	Remote	Possible
Hidden	Utilities	12	Mixed - positive	Stable	Market	Remote	Possible
Hidden	Utilities	13	Mixed - positive	Stable	Underweight	Remote	Possible
Hidden	Utilities	14	Mixed - positive	Stable	Market	Remote	Remote
Hidden	Utilities	15	Mixed - negative	Stable	Underweight	Remote	Possible
Hidden	Utilities	16	Mixed - negative	Stable	Underweight	Remote	Possible
Hidden	Utilities	17	Strong	Stable	Overweight	Remote	Already
Hidden	Utilities	18	Mixed - positive	Stable	Market	Remote	Already
Hidden	Utilities	19	Mixed - positive	Stable	Market	Remote	Already
Hidden	Utilities	20	Mixed - positive	Stable	Overweight	Remote	Already
Hidden	Utilities	21	Mixed - negative	Deteriorating	Underweight	Remote	Already
Hidden	Utilities	22	Mixed - positive	Uncertain	Market	Remote	Remote
Hidden	Utilities	23	Mixed - positive	Uncertain	Market	Remote	Already
Hidden	Utilities	24	Mixed - positive	Uncertain	Strong Over	Remote	Already

## Integration with PM Tools



## Aladdin Research Issuer Library



Fundamental		ESG Factors (Red=Deter, Green=Improv)				Valuation		
View	Direction	Risk Flags	Environ.	Social	Govern.	Exposure Target	Expected Volatility	Weekly Liquidity
Strong	Improving	Event Risk	Significant	Significant	Significant	Strong Over	Lower	\$50mm+
Mixed-Positive	Stable	Cap. Struct.	Material	Material	Material	Overweight	Market	\$25-\$50mm
Mixed-Negative	Uncertain	Shareholder	Non-Material	Non-Material	Non-Material	Market	Higher	<\$25mm
Weak	Deteriorating	Disruption	Positive	Positive	Positive	Underweight		Appointment
High Risk		Other				Strong Under		

Standard Issuer snapshot incorporated into all detailed notes published in Aladdin Research including relevant ESG factors

Note: Data for illustrative purposes only. Subject to change.

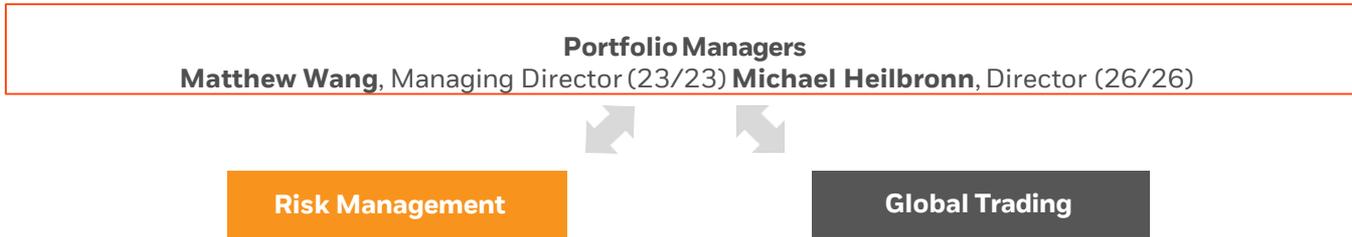
# **Investment Team**

# The Customized Multi-Sector investment team leverages the full power of BlackRock’s global fixed income platform

Deep resources and specialized market insights enable unbiased focus on investment opportunities

## Multi-sector portfolio investment team\*

### Portfolio management team



### Sector specialists drive bottom-up security selection

Global Macro	Agency MBS	Municipals & Govt Related	Global IG Corporates	Global HY Corporates	Bank Loans
ABS	CLO	CMBS	Non-Agency RMBS	Non-US Securitized	Emerging Market

### BlackRock’s resources benefiting investment teams

BlackRock Investment Institute	Global Capital Markets & Bespoke Financing	Responsible Investing	Trading & Liquidity
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**Team leverages the breadth and scale of the BlackRock fixed income platform.**

\*Years at BlackRock / Year in Industry as of January 2025.

# Taxable Fixed Income – Investment Team

**Michael Heilbronn**

**Director**

Michael Heilbronn, Director, is the Head of Taxable Fixed Income within Active Core PM in Princeton for BlackRock's SMA Solutions as part of the U.S Wealth Advisory Group (USWA). In this capacity he leads the High Touch Taxable Fixed Income Portfolio Management Team and is responsible for overseeing the account implementation activities of all FI PMs within the group as well as supporting the team's strategic initiatives and business development endeavors. Michael is also responsible for managing the SMA taxable fixed income portfolios, mid-sized institutional taxable bond portfolios and Liability-Driven Investment mandates. Additionally, Michael is part of a liaison team that coordinates the SMA fixed income portfolio strategy and credit research with the rest of the firm. He works closely with each group to facilitate idea sharing and trade ideas across portfolios.

Michael's service with the firm dates back to 1998, including his years with Merrill Lynch Investment Managers (MLIM), which merged with BlackRock in 2006. At MLIM, he was a product specialist for the firm's entire range of fixed income portfolios and also served as an associate asset management advisor. Michael joined MLIM in 2000, after working with the mutual funds marketing team at the Merrill Lynch Private Client Group for two years.

Michael earned a BS degree from the Pennsylvania State University in 1998.

**Matthew Wang**

**Managing Director**

Matthew Wang, Managing Director, is the head of Portfolio Construction Research for Fundamental Fixed Income, aiming to enhance the portfolio construction technology and analytical infrastructure to better assess and implement risk budgeting with respect to client specific constraints. He is also a named portfolio manager on the taxable FI SMA model portfolios.

Mr. Wang began his career at BlackRock in 2001 as an analyst in the Portfolio Analytics Group and was previously the Lead Risk Manager for US Multi-Sector Fixed Income in the Risk & Quantitative Analysis Group.

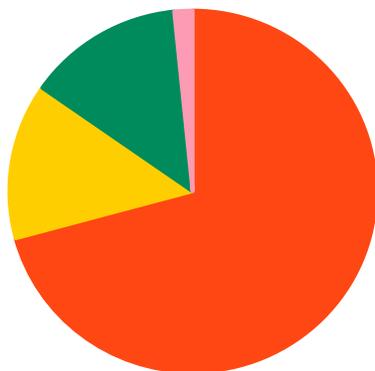
Mr. Wang earned a BS degree in mechanical engineering from the University of Michigan in 1999 and an MS degree in Financial Engineering from Columbia University in 2000.

# **Target Portfolio Details**

# Intermediate Taxable Fixed Income SMA

\*Supplemental Information - As of 12/31/2024

## Credit Quality Breakdown



Credit Quality Breakdown		%
AA Rated	70.8%	
BBB Rated	13.9%	
A Rated	13.7%	
Cash and Derivatives	1.6%	

## Top Sectors (%)

### Top Sectors (% Weight)

US Government Related	39.4%
Agency Mortgages	31.4%
Investment Grade Credit	27.6%
Cash and Derivatives	1.6%

Strategy Inception	Benchmark
1/1/1986	Barclays Intermediate Aggregate Bond Index

Past Performance is not indicative of future results.

\*The above information is supplemental to the composite disclosure slide located in the appendix. **Investing involves risk.** Model portfolio information reflects the current strategy of a fully discretionary, unconstrained account and is not the result of actual trading. Actual portfolios may differ as a result of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations. It is not possible to invest directly in an index. Performance data is reflective of the SMA's composite. Please see **Important Notes** at the end of the presentation for additional disclosure and information.

# Intermediate Taxable Fixed Income SMA

\*Supplemental Information - As of 12/31/2024

Quarterly Composite Performance (Total return % in USD)			
	Composite (Gross)	Composite (Net)	Benchmark <sup>1</sup>
YTD	2.66	-0.42	2.47
12/31/2024	-1.98	-2.72	-2.07
09/30/2024	4.57	3.77	4.60
06/30/2024	0.54	-0.22	0.46
03/31/2024	-0.38	-1.14	-0.42

Average Annual Composite Performance (Total return % in USD)			
	Composite (Gross)	Composite (Net)	Benchmark <sup>1</sup>
1 Year	2.66	-0.42	2.47
3 Year	-0.56	-3.54	-0.83
5 Year	0.46	-1.85	0.33
10 Year	1.55	-0.25	1.45
Since Inception	5.12	3.66	5.25

Historical Composite Performance (Total Return % in USD)			
	Composite (Gross)	Composite (Net)	Benchmark <sup>1</sup>
2024	2.66	-0.42	2.47
2023	5.26	2.10	5.18
2022	-9.01	-11.74	-9.51
2021	-1.34	-2.58	-1.29
2020	5.48	4.16	5.60
2019	6.79	5.46	6.67
2018	0.98	-0.28	0.92
2017	2.48	1.20	2.27
2016	2.00	0.72	1.97
2015	1.15	-0.11	1.21

Past Performance is not indicative of future results.

\*The above information is supplemental to the composite disclosure slide located in the appendix. Investing involves risk. Model portfolio information reflects the current strategy of a fully discretionary, unconstrained account and is not the result of actual trading. Actual portfolios may differ as a result of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations. It is not possible to invest directly in an index. Performance data is reflective of the SMA's composite. Please see **Important Notes** at the end of the presentation for additional disclosure and information.

Model Portfolio Characteristics		
	Portfolio	Benchmark <sup>1</sup>
Effective Duration	4.29 years	4.28 years
Weighted Average Life to Maturity	5.60	5.40
Weighted Average Yield to Maturity	4.88	4.83

Strategy Inception <sup>2</sup>	Benchmark <sup>4</sup>
1/1/1986	Barclays Intermediate Aggregate Bond Index

Net composite returns are calculated by deducting the highest applicable model wrap fee (3% on an annual basis, or 0.75% quarterly, and prior to 1/1/2022 1.25% on an annual basis, or 0.3125% quarterly).

# Important Notes

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## Historical Data: BlackRock Intermediate Taxable Fixed Income SMA Composite

Calendar Year	Pure Gross of Fee Composite Return (%)	Net of Fee Composite Return (%)	Benchmark Return (%) <sup>1</sup>	Number of Portfolios	Composite Dispersion (%) <sup>1</sup>	Composite 3-Year Annualized Standard Deviation (%) <sup>1</sup>	Benchmark 3-Year Annualized Standard Deviation (%) <sup>1</sup>	Total Assets at End of Period (US\$mn)	Total Firm Assets (USD mm) <sup>1</sup>
2015	1.15	-0.11	1.21	417	0.08	1.92	2.10	520	<1
2016	2.00	0.72	1.97	559	0.03	2.04	2.16	595	<1
2017	2.48	1.20	2.27	631	0.03	1.91	1.99	692	<1
2018	0.98	-0.28	0.92	1062	0.10	2.06	2.15	1189	<1
2019	6.79	5.45	6.67	1347	0.05	2.01	2.06	1451	<1
2020	5.47	4.16	5.60	1594	0.05	2.13	2.19	1772	8,333,896
2021	-1.34	-2.58	-1.29	1630	0.02	2.04	2.07	1700	9,663,234
2022	-9.00	-11.73	-9.50	1594	0.1	4.29	4.39	1435	8,296,032
2023	5.25	2.09	5.18	1607	0.15	5.57	5.60	1496	9,600,706
2024	2.65	-0.42	2.46	1959	0.06	6.14	6.17	1752	11,156,767

Supplemental Data			
Period ending 12/31/2024	Gross of fee composite annualized return (%)	Net of fee composite annualized return (%)	Benchmark annualized return (%)
1 Year	2.65	-0.42	2.46
5 Year	0.45	-1.85	0.33
10 Year	1.55	-0.25	1.45
Since inception (12/31/1985)	5.11	3.66	5.25

Past Performance is not indicative of future results.

Benchmark performance returns do not reflect any management fees, transaction costs or expenses. Benchmarks are unmanaged and one cannot invest directly in a benchmark.

Please see the following page(s) for important disclosures related to this composite.

Data shown may be subject to revisions from time to time based on availability of new information. Any such revisions are not material.

The three-year annualized standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period

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# Historical Data: BlackRock Intermediate Taxable Fixed Income SMA Composite (Cont'd)

## Notes:

For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "firm" refers to the investment adviser and national trust bank subsidiaries of BlackRock, Inc., located globally. This definition excludes: i) BlackRock subsidiaries that do not provide investment advisory or management services, ii) the Absolute Return Strategies (funds-of-hedge-funds) business and Private Markets units under the "Multi Alts Solutions" platform, iii) BlackRock Capital Investment Corporation, LLC, iv) Retail mutual funds and separately managed accounts within BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, v) Aperio Group, LLC, and vi) BlackRock's illiquid alternatives businesses. BlackRock's illiquid alternatives businesses (including private equity, private debt, infrastructure and physical real estate) have been excluded from the firm definition as of 1 Jan 2023. These exclusions have been made on the basis of an ongoing business realignment at BlackRock that more clearly reflects the differentiated product offerings in private market illiquid product space versus the more traditional public market liquid active/index product space. Further information regarding this update is available upon request.

BlackRock claims compliance with the GIPS standards and has prepared and presented this report in compliance with the GIPS standards. BlackRock has been independently verified for the periods 1 January 1993 through 31 December 2023. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The firm is verified annually by Deloitte & Touche LLP.

Portfolio returns are calculated monthly, using the Modified Dietz method. Trade date accounting has been used since the inception of the composite. The returns are expressed in US dollars and are asset-weighted since inception.

The benchmark index shown currently (since 1/1/12): Barclays Intermediate Aggregate Bond Index. From 10/1/04–12/31/11: Barclays Custom Intermediate Taxable Fixed Income Index. Prior to 9/30/04: Barclays Intermediate Aggregate Bond Index.

Composite dispersion measures represent the consistency of a firm's composite performance results with respect to the individual portfolio returns within a composite. Composite dispersion is the square root of the sum of monthly variances of portfolio returns around the composite returns. The monthly variance is the sum of the asset-weighted squared differences between the individual portfolio returns and the composite returns. Only portfolios that have been included in the composite style for a full month are accounted for in the dispersion calculation. For composites containing only one account, a measure of dispersion is not meaningful (NM).

As of 12/31/2021, total firm assets are now presented for all periods presented. Previously, for annual periods through 12/31/2019, composite assets were presented as a percentage of total firm assets.

There have been no alterations of the composite due to changes in personnel or other reasons.

Pure gross of fee performance results are presented as supplemental information and presented before management, custodial fees, broker fees and transaction costs, but net of withholding taxes (if applicable). The wrap fee covers the firm's management services and transaction costs. Net composite returns are calculated by deducting the highest applicable model wrap fee (3% on an annual basis, or 0.75% quarterly, and prior to 1/1/2022 1.25% on an annual basis, or 0.3125% quarterly).

Lists of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

BlackRock Intermediate Taxable Fixed Income SMA Composite: This investment strategy seeks total return derived from coupon interest and capital appreciation. It invests primarily in government securities, investment grade corporate bonds, and asset-backed and mortgage-backed securities. It also may invest in mutual funds and other pooled investment vehicles, which may pay fees and expenses to BlackRock that are in addition to the fees payable to BlackRock for managing the account. These portfolios are expected to have durations of two to five years. An investor selecting this strategy may risk some loss of principal. The principal risks of the strategy are credit risk, liquidity risk, counterparty risk, interest rate risk. More detailed information on this strategy is available upon request.

The performance results from May 1, 2009 to the end of the most recent calendar year represents the composite of all fully discretionary, unconstrained Separately Managed Account (SMA) program accounts managed in this style by the firm for at least two months. The performance results from January 1, 2005–April 30, 2009 represent the composite of all fully discretionary, unconstrained SMA program accounts managed in this style by the firm for at least one month. The performance results prior to January 1, 2005 represent the composite of all tax-exempt, fully discretionary, unconstrained SMA program accounts with a minimum market value of \$500,000, managed in this style by the firm for at least one quarter. Prior to 1997, only accounts that operated on a calendar quarter basis were included in the composite. This strategy previously was named "US Domestic Limited Maturity Fixed Income".

The creation date of the composite is December 31, 2010. New accounts and accounts that have changed their investment mandate to that of the composite are included in the composite upon the completion of the second full month under management. Closed accounts and accounts that change their investment mandate are included in the composite through the completion of the last full month under management or the last full month under the old strategy.

Performance presented for periods prior to September 29, 2006 occurred while members of the portfolio management team were affiliated with Merrill Lynch Investment Managers, L.P ("Prior Firm"). Such members of the portfolio management team were responsible for investment decisions for SMA program accounts managed in the Intermediate Taxable Fixed Income SMA style at the Prior Firm and the decision making process has remained intact and independent within the firm.

The performance presented is for those portfolios that were brought over to the firm from the Prior Firm. In firm management's opinion, such performance composite conforms to the GIPS standards with regard to the portability of investment results, and, as such, all historical performance results from the Prior Firm have been linked to the on-going performance results of the composite. Performance records of the Prior Firm are available upon request. The inception date of the composite is 12/31/1985.

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# Important Notes

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# Important Notes

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## Definitions:

**Standard deviation** is a statistical measure that depicts how widely the returns of an investment varied over a certain period of time. Investors can use the standard deviation of historical performance to try to predict the range of returns that may occur for a particular investment. A higher standard deviation indicates greater volatility or a wider range of returns.

**Beta** is a historical measure of the degree of change in value in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one generally exhibits more volatility than its benchmark index, and a portfolio with a beta of less than one generally exhibits less volatility than its benchmark index.

**Alpha** measures the difference between a portfolio’s actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often described as a measurement of the value added or subtracted by a portfolio’s manager.

**Up-market capture ratio** is a measure of manager’s performance in up markets relative to the market itself. The higher the manager’s up-market capture ratio, the better the manager capitalized on a rising market. In this presentation, quarterly data is used.

**Down-market capture ratio** is a measure of manager’s performance in down markets relative to the market itself. The lower the manager’s down-market capture ratio, the better the manager protected capital during a market decline. In this presentation, quarterly data is used.

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