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Unlocking private markets to
boost retirement outcomes

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**Why private
markets matter**

**Boosting retirement
outcomes with
private markets**

**Evaluating private markets
in defined contributions
(DC) plans**

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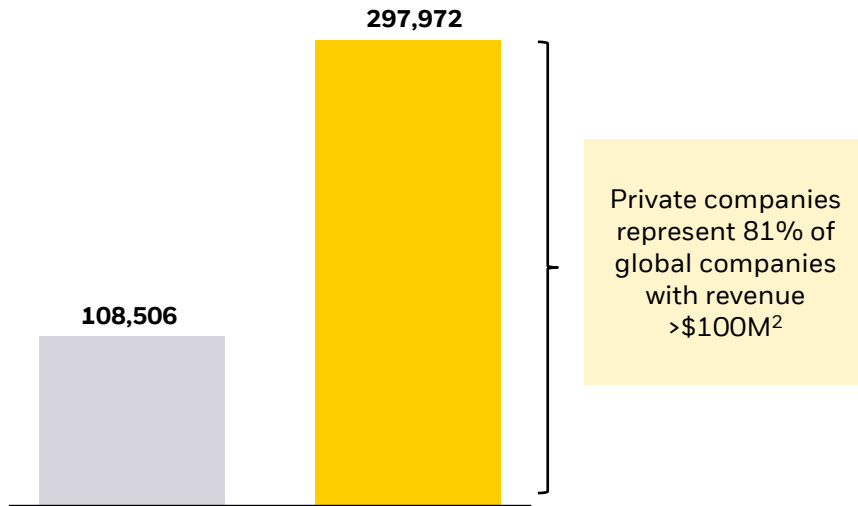


The rise of private markets is reshaping capital markets

Public markets shrink as private markets represent a wide and growing opportunity set

Number of global companies¹

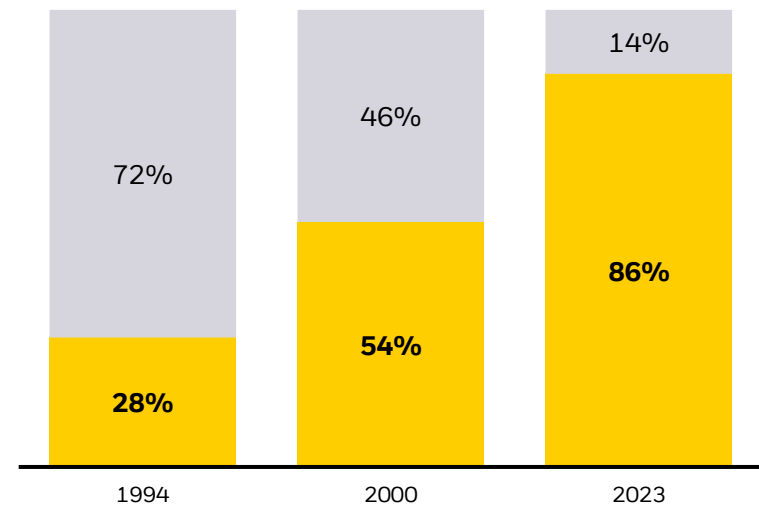
Publicly traded companies Venture capital & private equity-backed companies



Since the GFC³, U.S. banks have cut back on mid-market lending and private credit funds have stepped in

Market share, leveraged loan market, 1994 -2023⁴

Banks Non-banks



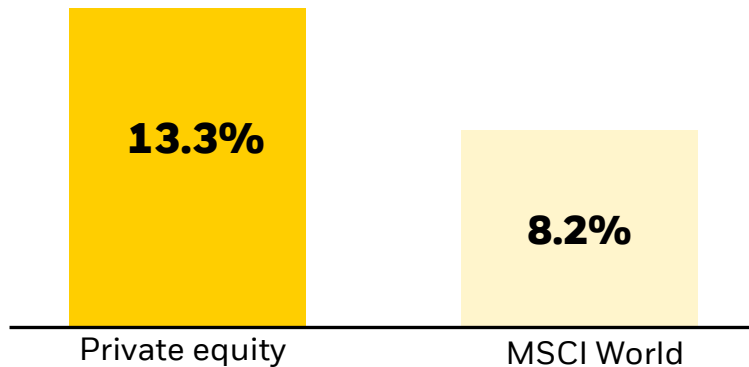
¹ PitchBook LCD retrieved 6/23/25. The number of venture capital and private equity-backed companies is a sub-set of the total number of private companies (4,754,150). ² Capital IQ, BlackRock as of 12/31/24. Represents the number of companies with annual revenues greater than 100 million ³ GFC stands for Global Financial Crisis. ⁴ S&P LCD, Pitchbook LCD as of 3/31/24.

WHY PRIVATE MARKETS MATTER

Looking back: history shows private markets outperformed public markets with additional diversification benefits

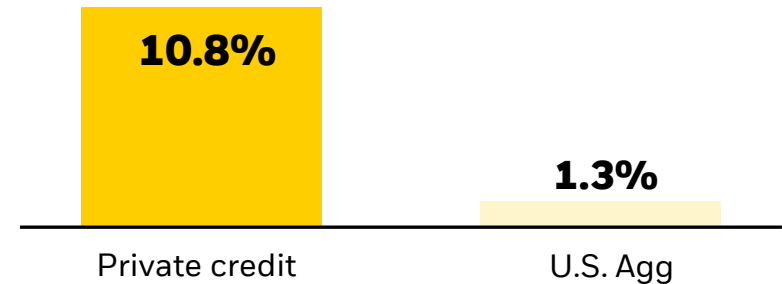
Private equity

Annualized return of private equity manager universe and global equities



Private credit

Annualized return of private credit and U.S. bonds Since common inception



Two risk premia help drive risk-return outcomes

Illiquidity premium

Expectation of higher return, in exchange for less liquidity and lower frequency of trading



Complexity premium

Compensation associated with negotiating, structuring and underwriting private deals

Asset class comparison is used to demonstrate private market performance compared to public market performance during comparable time periods. There are material differences in individual index/ manager universe methodologies (both public and private) and differences in the way public and private market performance is calculated; the comparisons shown may not fully reflect these differences. In general, public market indexes are unmanaged, represent a group of constituent securities which may change over time, reflect the reinvestment of dividends but do not reflect the deduction of any fees or expenses. Private market manager universes and indices often rely on self-reporting by managers. Therefore, there may be survivorship bias given that fund managers have discretion to report, or to discontinue reporting for various reasons (e.g. due to liquidation), and therefore private market manager universes and indices may reflect a bias towards funds with track records of success. **Private equity** represented by the Burgiss Private Equity Manager Universe for the period of 12/31/04 - 12/31/24. Burgiss data reflects quarterly time-weighted returns. Burgiss data is sourced from limited partners of these private funds and calculates results net of fees and carried interest, providing results that are updated and published on a quarterly basis. **Private credit** represented by the Cliffwater Direct Lending Index. Private credit reflects rolling quarterly returns and most recent return from 9/30/15 (index inception) to 12/31/24 (latest available data to BlackRock). **Past performance does not guarantee or indicate future results.** Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. **For more information on the individual indexes, please see the Important Notes section of the presentation.**

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BOOSTING RETIREMENT OUTCOMES WITH PRIVATE MARKETS

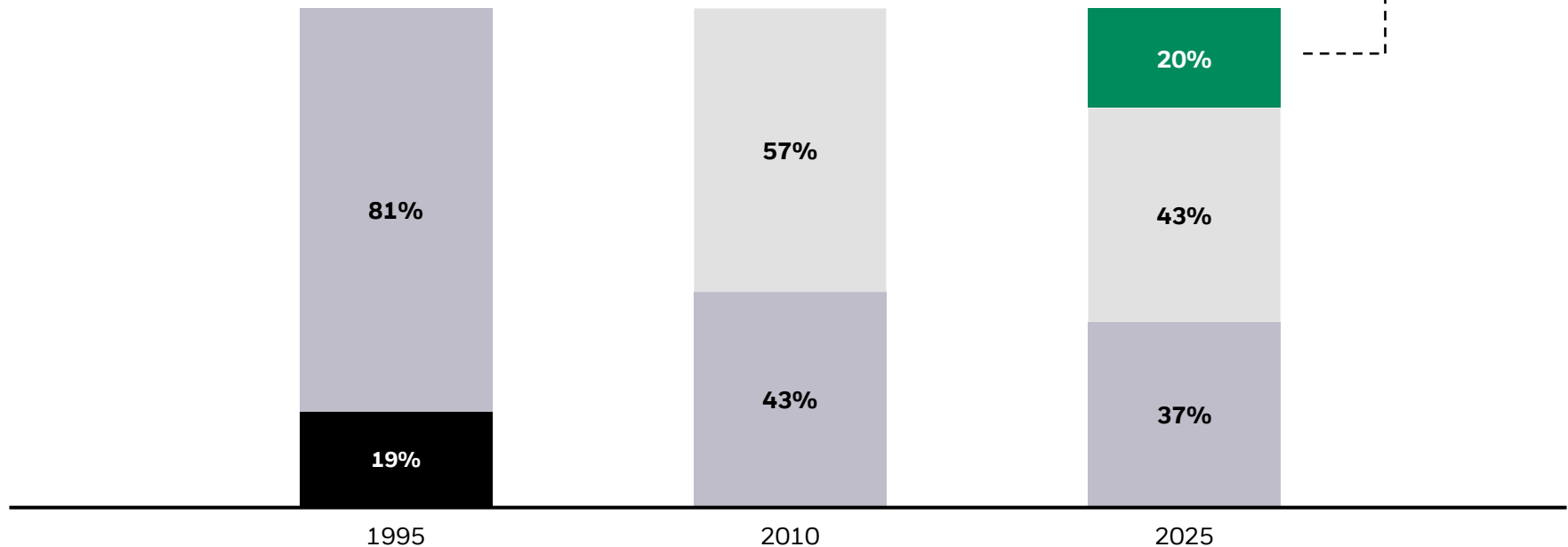
Looking ahead: today's investor may need to look beyond public markets to achieve return targets

In 1995 investors could meet return objectives through a portfolio comprised of fixed income and cash. To meet the same objectives in 2025 now requires a sizeable allocation to private markets.

Sample portfolio allocations required to reach a 7% return

● Cash ● Public fixed income ● Public equities ● Private markets

Private
markets now
needed



Callan Associates, "Capital Market Assumptions", 2025. The median return assumption for state and local pensions has decreased from 8% in 2010 to 7% in 2023 based on analysis from the National Association of State Retirement Administrators and is thus used as a representative figure to highlight how an investor may need increased alternatives exposure to hit a given return target. For illustrative purposes only. . Index returns are for illustrative purposes only and do not represent 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**

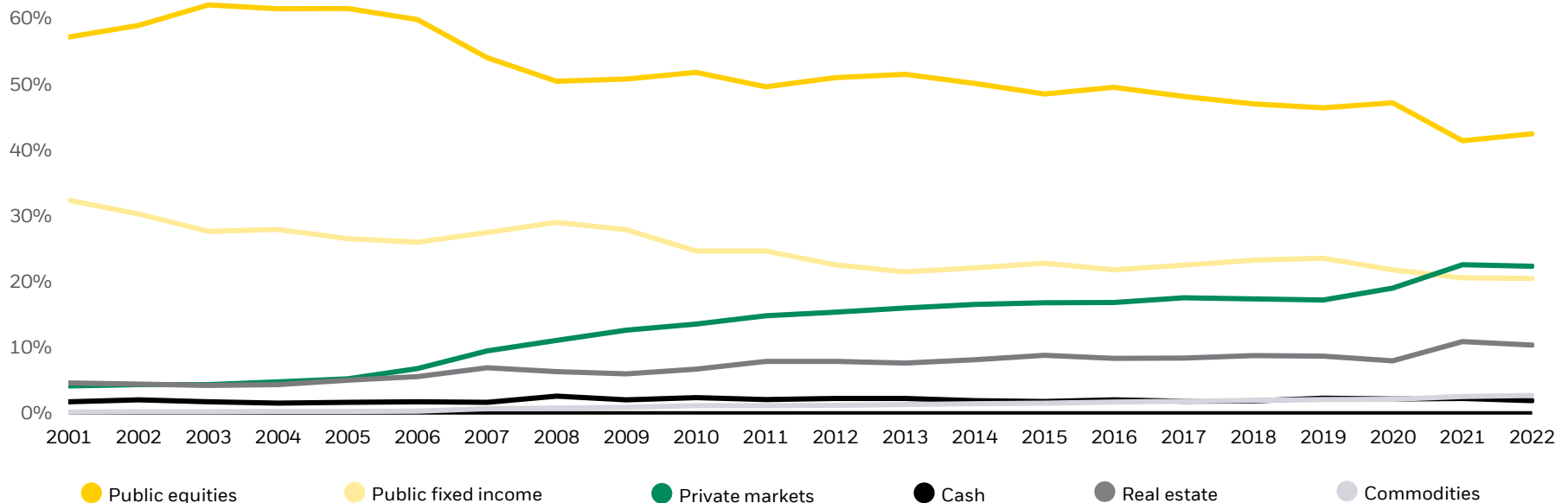
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BOOSTING RETIREMENT OUTCOMES WITH PRIVATE MARKETS

Increasing private market allocations in DC plans could lead to better retirement outcomes for participants

DB plans have taken advantage of private markets while DC plans have not. By integrating private markets in a target date solution, it's possible to design a solution that could boost overall investment performance by **50 basis points** annually². Compounded over 40 years, this could mean roughly **15% more money** in a participant's 401(k) account².

Asset allocation for state and local pensions¹



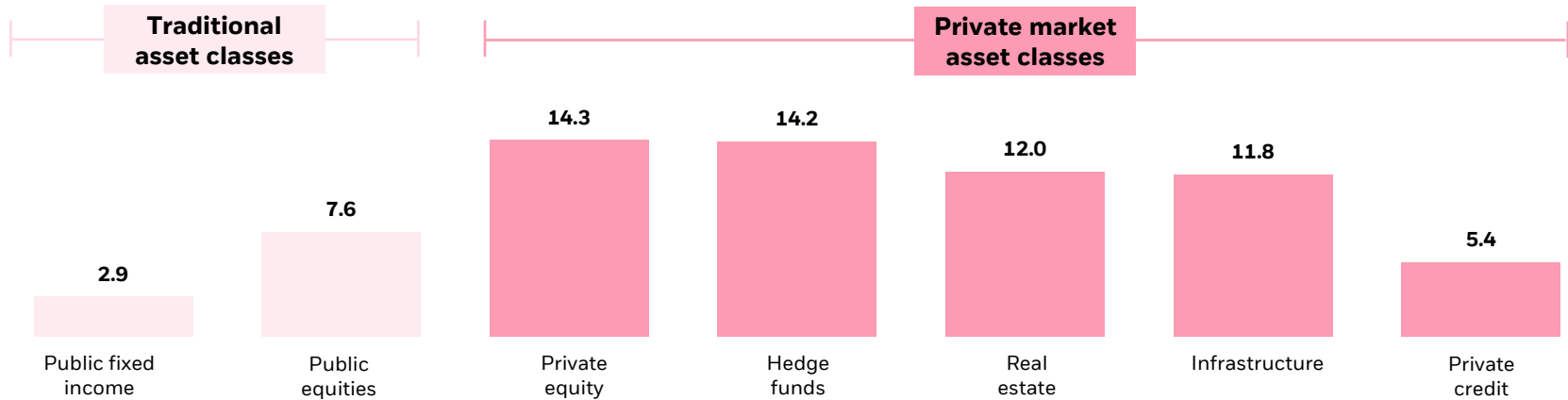
¹ Public Plans Database, accessible online at: <https://publicplansdata.org/quick-facts/national/#investments>. Other alternatives include Private Equity, Other, Hedge Fund, and Misc. Alternatives. Weights to these asset classes in 2001 were 3.51%, 0.08%, 0.36%, and 0.35%, respectively. Weights in 2011 were 8.60%, 0.10%, 3.76%, 1.05%. Weights in 2023 were 14.02%, 0.05%, 6.36%, and 1.86%. ² BlackRock, *The Power of Private Markets*, 2025

EVALUATING PRIVATE MARKETS IN DC PLANS

1. High dispersion makes manager selection critical

There is typically more performance dispersion amongst managers in private markets relative to public markets. This is because private market strategies rely on access to, and identification of, idiosyncratic investment opportunities

Spread between top and bottom quartile performers (%)¹



2. Staying invested in private markets matters

While manager selection is important (as illustrated above), BlackRock's analysis shows that staying invested in private markets can potentially lead to **14.9% more gains** than trying to time the market through "vintage year" diversification²

¹ BlackRock Investment Institute with data from Morningstar, Thomson Reuters, Pitchbook. December 31, 2022. Notes: The chart shows the distribution of historical returns net of fees for Fixed Income, Equity (Large Cap Equities), and Hedge Funds from January 1, 2007–December 31, 2022. Fixed Income and Large Cap Equities funds are represented by U.S.-domiciled funds tracked by Morningstar, Hedge Funds by the Thomson Reuters Lipper TASS global universe. Private Equity, Real Estate, Infrastructure (Real Assets) and Private Credit (Private Debt) represented by Pitchbook's Global Fund Performance Report as of December 31, 2022. Private Equity, Real Estate, Infrastructure (Real Assets) and Private Credit (Private Debt) distribution of historical returns are net of fees from January 1, 2004–December 31, 2022. Chart is for illustrative purposes only and does not represent the actual performance of any BlackRock portfolio. This is not a recommendation to invest in any particular financial product. Indices are unmanaged and one cannot invest directly in an index. ² Burgiss Private IQ as of September 30, 2022. Vintages 2000–2020 have been included in the dataset. Strategies include Buyout, Venture Capital/Growth, and Distressed/Mezzanine. Renkema, van den Goorbergh, Rivas, Journal of Alternative Investments 2017. Vintage year diversification refers to the practice of investing in private market fund that start in different years, rather than concentrating all investments in a single fund from a given year.

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EVALUATING PRIVATE MARKETS IN DC PLANS

Breaking through the structural complexities of private markets

The emergence of new evergreen funds help address the historical challenges of traditional closed-end vehicles, making private markets more accessible for DC plans

	Private market characteristics	+	Target date strategy characteristics	=	Target date strategy with allocation to private markets
1. Valuation	Periodic; can be as infrequent as annually		Daily		Daily
2. Liquidity	Periodic; can be illiquid for entire lifecycle of a fund		Daily		Daily or periodic ¹
3. Cost	Higher investment management fee coupled with a performance fee ²		Typically, a lower flat fee structure charged on assets		Flat fee structure charged on assets ²

For illustrative purposes only

¹ Investments in a target date fund or managed account can typically be accessed daily. Depending on the wrapper, the private market vehicle may have monthly or quarterly liquidity terms. ² May also have higher operational costs due to the nature of the underlying investments

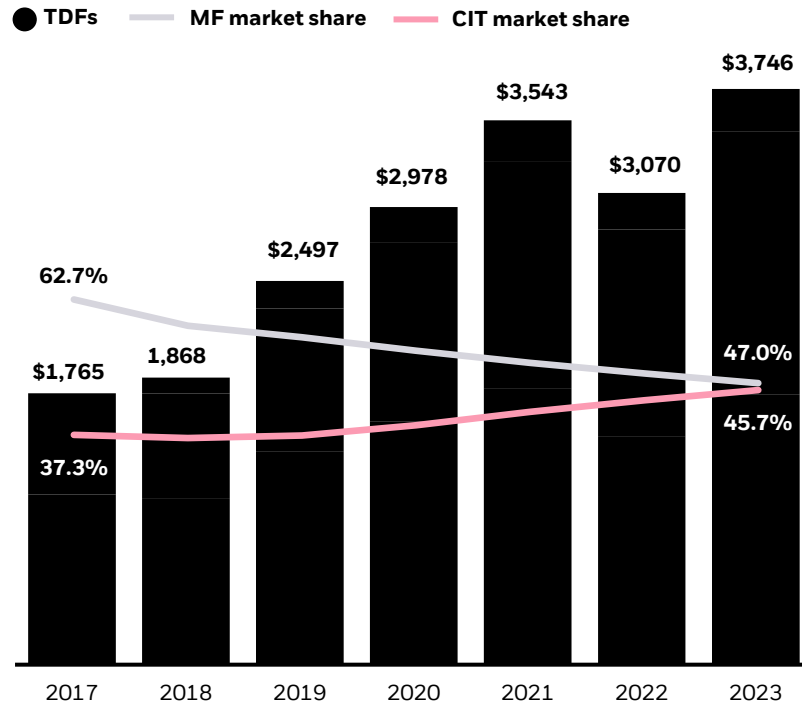
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Collective Investment Trusts are increasingly the vehicle of choice for a target date solution

Collective Investment Trusts (CITs) are on track to leapfrog mutual funds (MF) as the vehicle of choice for target date (TDF) assets....

...which may be driven by certain attributes of CITs relative to other vehicles

Target date fund assets (\$B), 2017-2023¹



- ✓ Transparency
- ✓ Expense structure
- ✓ Investor protections
- ✓ Fiduciary support
- ✓ Flexibility
- ✓ Tax structure

¹ Cerulli US Defined Contribution Distribution 2024

Want to learn more about how private markets fit into target date strategies?



Reach out to your Great Gray relationship manager



Access BlackRock's private markets hub for advisors

- 1.** Learn more about why private markets can potentially generate better net of fee risk adjusted returns
- 2.** Learn more about how to incorporate private markets into a plan's investment options
- 3.** Identify plan objectives and determine whether incorporating private markets can increase retirement outcomes
- 4.** Develop a plan to evaluate investment options and educate plan sponsors

Important notes

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. The opinions expressed are as of 3/31/2025 and may change as subsequent conditions vary. Individual portfolio managers for BlackRock may have opinions and/or make investment decisions that, in certain respects, may not be consistent with the information contained in this report. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. Past performance is no guarantee of future

Past performance is not a guide to future performance. 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.

Incorporating alternative investments into a portfolio presents the opportunity for significant losses including in some cases, losses which exceed the principal amount invested. Also, some alternative investments have experienced periods of extreme volatility and in general, are not suitable for all investors. Asset allocation and diversification strategies do not ensure profit or protect against loss in declining markets.

Investing in alternative strategies such as a long/short strategy, presents the opportunity for losses which exceed the principal amount invested. An interval fund provides liquidity through periodic repurchase offers, for instance, quarterly (not daily). Interval funds are designed for long-term investors and, unlike an investment in a traditional listed closed-end fund, should be considered illiquid. Investors should consider their investment goals, time horizon and risk tolerance before investing.

Hedge funds may not be suitable for all investors and often engage in speculative investment practices which increase investment risk; are highly illiquid; are not required to provide periodic prices or valuation; may not be subject to the same regulatory requirements as mutual funds; and often employ complex tax structures.

Utilizing private equity involves significant risks along with the opportunity for substantial losses.

Important notes

Private equity represented by the **Burgiss Private Equity Manager Universe (BMU)** which contains 8,001, private equity funds (vintages 1978-2023) as of June 2024 with 3/31/24 performance data (most recent performance data available). All vintages were included. All private equity sub-strategies in the BMU were included e.g., Equity Generalist, Equity Venture Capital Generalist, Equity Venture Capital Late Stage, Equity Expansion Capital, Equity Buyout, Equity Venture Capital Early Stage and Unknown as well as Equity Unknown. The BMU reflects quarterly time-weighted returns. The BMU is sourced from quarterly unaudited and annual audited financial statements that private investment fund managers produce for their fund investors. Therefore, there may be survivorship bias given that fund managers have discretion to report, or to discontinue reporting for various reasons (e.g. due to liquidation) and therefore may reflect a bias towards funds with track records of success. To protect the confidentiality of individual funds and their underlying portfolio investments, the published benchmark statistics reports contain only aggregate information. Therefore, the BMU is not transparent and cannot be independently verified given that it does not identify the funds included by name. Private investments in the BMU are typically illiquid. Additionally, any updates to historical data to this data universe, which can include adding a fund and its performance history to the database ("backfills") and/or updating past information for an existing fund due to late-arriving, updated, or refined information, would be reflected when that group is published for the next performance. The Burgiss Private I Universe Analytics tool recalculates the data each time a new fund is added, therefore the historical performance of the data is not fixed, cannot be replicated, and will differ over time from the data presented in this communication.

The **MSCI World Index** captures large and mid cap representation across 23 Developed Markets (DM) countries. With 1,540 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **Cliffwater Direct Lending Index (CDLI)** is an index that assists investors to better understand private credit as an asset class. The CDLI seeks to measure the unlevered, gross of fees performance of U.S. middle market corporate loans, as represented by the underlying assets of Business Development Companies ("BDCs"), including both exchange-traded and unlisted BDCs, subject to certain eligibility criteria. The CDLI is an asset-weighted index that is calculated on a quarterly basis using financial statements and other information contained in the U.S. Securities and Exchange Commission ("SEC") filings of all eligible BDCs. Eligibility is set as all assets held by BDCs that (1) are regulated by the SEC as a BDC under the Investment Company Act of 1940; (2) have a substantial majority (approximately 75%) of reported total assets represented by direct loans made to corporate borrowers, as categorized by each BDC and subject to Cliffwater's discretion, and (3) file SEC form 10-Q (or 10-K, as applicable) within 75 (or 90) calendar days following the current Valuation Date. If a BDC meets the eligibility criteria, but has not filed its report on Form 10-K or 10-Q with the SEC at the time the index is reconstituted, asset information from its report will be included in the index at the time of the next reconstitution. This information is derived from sources that are considered reliable, but BlackRock does not guarantee the veracity, currency, completeness or accuracy of this information. The Cliffwater Direct Lending Index (CDLI) is included within this document to demonstrate how private markets perform differently from public markets during the same time period. Note that the indices contain several differences in the way that they are calculated, including the following, and therefore may not represent a fully accurate representation of the private/public credit market. The CDLI is an asset-weighted index based off of quarterly SEC filings required of BDCs, whose primary asset holdings are U.S. middle market corporate loans. SEC filing and transparency requirements eliminate common biases of survivorship and self-selection. The index returns are generally published 75 days after calendar quarter-end. The public indices are rebalanced regularly, typically monthly. The public indices are market-value weighted. Cliffwater's index is based off of SEC filings with transparency requirements. The CDLI is calculated using financial statements and other filings for the eligible BDCs (so the index's figures are based on the BDCs' underlying holdings), thus making it unlevered and gross of fees. BDCs whose filings are the source of the CDLI are regulated by the SEC under the Investment Company Act of 1940.

The **Bloomberg U.S. Aggregate Bond Index** is representative of the U.S. investment grade taxable bond market.

Important Notes

BlackRock is not making any recommendation or soliciting any action based upon the information contained herein. This information is furnished to you with the express understanding that it does not constitute: (i) an offer, solicitation or recommendation to invest in a particular investment in any jurisdiction; (ii) a means by which any such investment may be offered or sold; or (iii) advice or an expression of BlackRock's view as to whether a particular credit investment is appropriate for you and meets your financial objectives.

Investing involves risks, including possible loss of principal.

Investment in target date funds is subject to the risks of the underlying funds. The target date is the approximate date when investors plan to start withdrawing their money. The blend of investments in each portfolio is determined by an asset allocation process that seeks to maximize assets based on an investor's investment time horizon and tolerance for risk. Typically, the strategic asset mix in each portfolio systematically rebalances at varying intervals and becomes more conservative (with less equity exposure) over time as investors move closer to the target date. The principal value of a fund is not guaranteed at any time, including at and after the target date.

Private equity investments are less transparent than public investments and private equity investors are afforded less regulatory protection than investors in registered public securities. Private equity funds are sold in private placements and may be offered only to individuals who are both "qualified purchasers" (as defined in U.S. Investment Company Act of 1940, as amended) and "accredited investors" (as defined in the Securities Act) and for whom the investment is otherwise suitable.

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