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Return on Investment

Current Share Price	\$949.51
Target Price	\$1,056.00
Dividend Yield	2.15%
Implied Return	13%
Conviction Rating	1

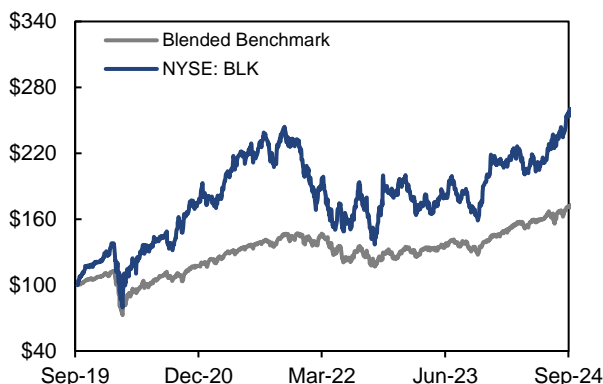
Market Profile

52-Week Range	\$596.18 - \$952.75
Market Capitalization (US\$B)	\$141
Net Debt (US\$B)	\$1
Minority Interest (US\$B)	\$2
Enterprise Value (US\$B)	\$144
Beta (5-Year Monthly)	1.32

Metrics

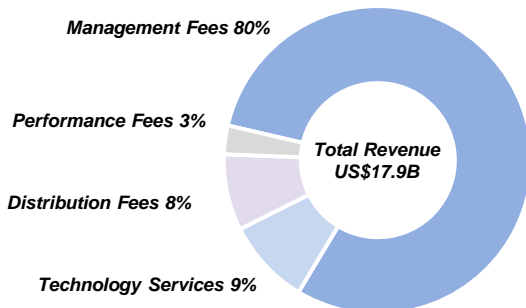
	2023A	2024E	2025E
Revenue (US\$mm)	\$17,859	\$18,988	\$21,916
EBITDA (US\$mm)	\$7,383	\$7,838	\$9,363
Average AUM (US\$B)	\$9,302	\$11,353	\$12,263
EV/EBITDA	19.5x	18.4x	15.4x

Historical Trading Performance (Indexed to \$100)



Source: S&P Capital IQ

Figure 1: 2023 Revenue Segmentation



Source: Company Filings

Business Description

BlackRock (NYSE: BLK) is a diversified institutional and retail asset manager that manages equity and fixed income securities through ETFs, Mutual Funds, and Institutional Accounts. As of Q2 2024, the Company's Assets Under Management (AUM) was US\$10.6T, with 9% of assets managed on behalf of retail clients, 47% for institutional clients, and 36% through ETF products. BLK generates ~81% of its revenue from asset-management fees, and ~8% from its technology services segment, primarily through risk-management software.

Within BLK's suite of investment vehicles, 31% of AUM fee revenue is generated by equity ETFs, 14% from active equity products, and 13% from active fixed income product fees. The Company's shift to equities and ETFs is a result of its 2009 acquisition of Barclays Global Investors (BGI), and BGI's iShares product line. In Q1 2024, BLK announced its US\$12.5B acquisition of Global Infrastructure Partners (GIP), materially expanding the Company's alternative asset product offerings.

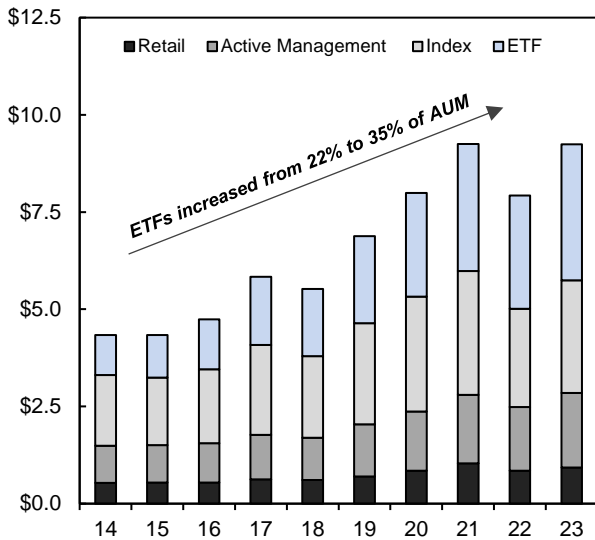
Industry Overview

BLK competes against traditional and alternative asset managers, banks, and insurance companies for investor capital. Firms within the industry specialize in asset classes, investment styles, and clientele. BLK's peers include Fidelity, Franklin Resources (NYSE: BEN), Invesco (NYSE: IVZ), State Street (NYSE: STT), T-Rowe Price Group (NASDAQ: TROW), and Vanguard. BLK, Vanguard, and STT dominate the ETF market with ~32%, ~29%, and ~14% of market share by AUM, and earn ~29%, ~10%, and ~9% of total ETF market revenue, respectively. The ETF market currently accounts for US\$11T of AUM and has grown at a ten-year CAGR of ~15%.

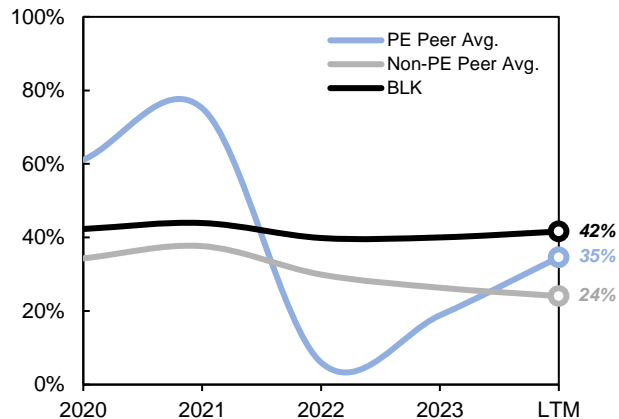
Demand for lower fees, greater risk-adjusted returns, and investor autonomy has driven rapid change and competition within the traditional asset management industry. The growth of passive ETF investing, pension clients' preference for defined contribution retirement accounts, and increased retail participation has served as tailwinds for passive managers within the industry. Increased competition has also led many traditional managers to venture into alternative asset classes for higher yields and product diversity. recently, BLK has grown its alternatives AUM at a five-year CAGR of ~14%, outpacing total alternatives AUM market growth by ~2%.

Mandate Fit

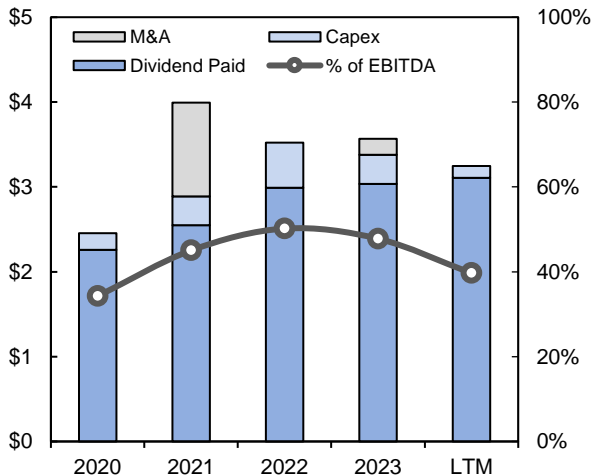
Quality Management: Laurence Fink, Chairman and CEO of BLK, originally co-founded the Company in 1988. During his tenure, Fink has successfully navigated the evolving demands of asset management clients, which has been foundational to BLK's multi-decade outperformance. Under Fink's leadership, BLK transitioned away from fixed income funds to ETFs, through the 2006 acquisition of Merrill Lynch Investment Managers, and the 2009 acquisition of BGI. The Company is governed by its board of directors, alongside an executive and operating committee, providing a comprehensive review process informed by multiple industry perspectives. Executive compensation is also aligned with shareholder interests, with ~90% of CEO and NEO compensation at-risk, tied to financial, operational, and organizational targets.

Figure 2: 10-Year Investment Vehicle AUM Growth (US\$T)

Source: Company Filings

Figure 3: EBITDA Margin vs Peers

Source: FactSet

Figure 4: LHS Cap. Allocation vs RHS % of EBITDA (US\$B)

Source: Company Filings, FactSet

Competitive Advantage: BLK's competitive advantage stems from its diverse suite of unique investment vehicles, providing clients with specialized solutions at a commercial scale. This diversity is attributable to the Company's product development initiatives, which target unique indexable securities to create global, tailored, portfolio-like ETFs. Furthermore, BLK's primary ETF competitors, STT and Vanguard, significantly lack product diversity. STT focuses on simple ETF offerings, with a primary focus on growing custodial capital. Vanguard's main strategy prioritizes reduction of management fees, which limits capital allocation towards product offering expansion. As of Q2 2024, BLK offered 434 unique ETFs, significantly above STT's 143 and Vanguard's 86.

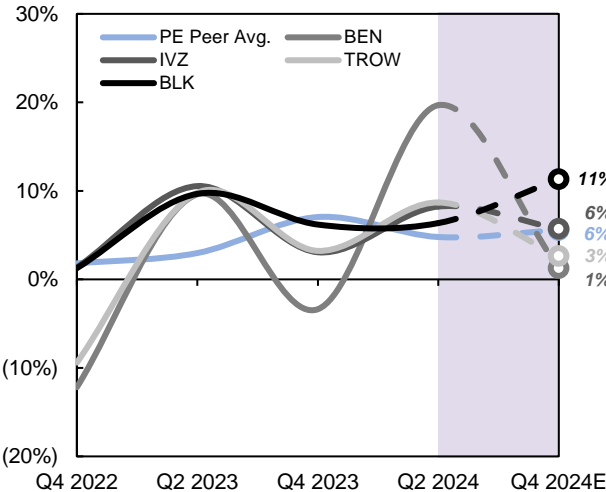
BLK's management fees are considerably higher than peers, with the Company's ETF Average Expense Ratio (AER) being 16 bps, compared to 11bps at STT, and 5bps at Vanguard. BLK also outpaces peer AUM inflows, as investors continue to demand specialized ETFs. In the last five years, the Company's ETF AUM has grown at a ~15% CAGR, slightly increasing from the 10-year CAGR of ~14%. The Company's higher AER also aids in maintaining BLK's five-year EBITDA margin, further protecting cash flow generation while peers face continuous margin erosion, attributable to industry-wide fee compression. Over the past five years, the peer average EBITDA margin has declined from ~34% to ~24%, while BLK's has stayed flat at ~42%.

Strong Balance Sheet: BLK and its peers operate asset-light business models, allowing them to maintain conservative balance sheets, with BLK's Net Debt/EBITDA matching the peer average of 0.1x. The Company currently has US\$10.0B in outstanding debt with a weighted average interest rate of 3.5%, and a weighted average maturity of 9.8 years. BLK issued US\$3.0B in senior unsecured notes for the acquisition of GIP and was recently rated AA- by S&P and Aa3 by Moody's. Strong EBITDA margins provide BLK greater opportunity to utilize leverage for strategic growth opportunities, while benefitting the Company with a lower cost of capital. BLK demonstrates an industry-leading ability to operate and scale with conservative leverage, utilize debt to fund successful growth initiatives, and return debt to targets.

Growing Free Cash Flow: BLK's dual focus on its core index-tracking products and its development of new investment vehicles has allowed the Company to mitigate industry-wide margin compression faced by peers. BLK has continuously generated consistent cash flows in a volatile industry, with UFCF margins ranging from 23 - 32% over the last 10 years, and FCF growing at a five-year CAGR of 5.9%. The Company continues to prove its ability to generate FCF regardless of macroeconomic conditions and has consistently returned capital to shareholders through dividends and share buybacks over the last 20 years.

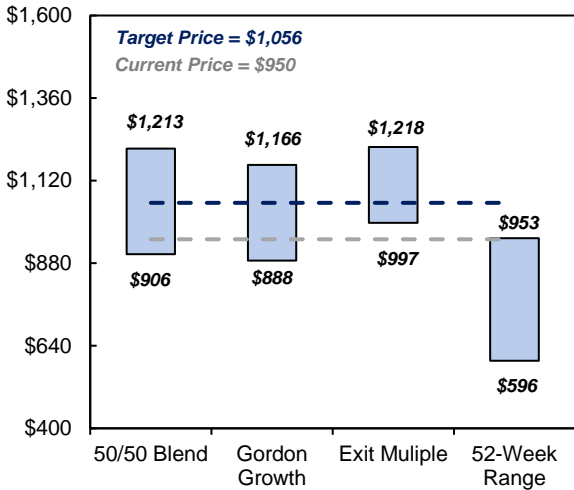
BLK's alternatives platform has also significantly contributed to FCF growth, with the segment revenue yield being 2.7x larger than equity ETF offerings. Sub-segments such as infrastructure have also experienced significant expansion, growing at a five-year CAGR of 20.4%. The US\$12.5B GIP acquisition aims to capitalize on these developments, offering BLK the opportunity for continued alternatives growth. The long-term, inflation-linked asset class aligns with the demands of the Company's core institutional client base, while the upsized yields offers BLK the opportunity to scale, further improving margins and FCF generation. GIP is the third largest global infrastructure asset manager with US\$116B in AUM, specializing in Energy, Communication Services, (cont.)

Figure 5: Bi-annual AUM Growth Rates



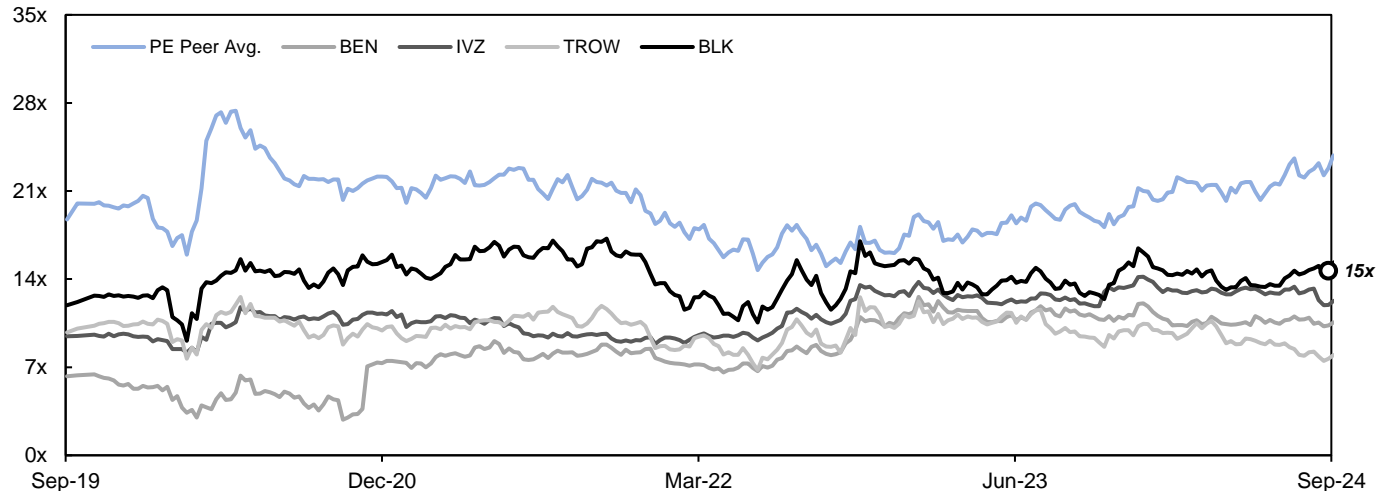
Source: FactSet

Figure 6: Valuation Football Field (US\$)



Source: CPMT Estimates

Figure 7: NTM EV/EBITDA vs Peers



Source: FactSet

Transportation, and Hydro. The transaction triples BLK's infrastructure AUM, creating the second largest global infrastructure asset manager, transacting at ~25 - 29x 2024E P/FRE, compared to peer's trading at ~25 - 35x.

Risks

Risks include exposure to market-driven AUM volatility, reputational risk due to potential underperformance, and continued fee compression within the competitive landscape. As a greater selection of investment vehicles come to market, clients are increasingly exposed to alternative investment solutions, potentially impacting the stickiness of BLK's AUM. The Company also faces secondary risks including operational and technology risks, litigation risks, regulatory risks, and liquidity risks. As BLK continues to grow as the world's largest asset manager, future hurdles may also arise from the sheer scale of operations, including diminishing inflows, and lack of high-quality investments due to the vast amounts of required capital deployment.

Investment Thesis and Valuation

The CPMT valued BLK at US\$1,056, implying a return of 11.2%, using a five-year DCF with a WACC of 9.8%. The terminal value was derived using a blend of (1) the Gordon Growth Method, using a terminal growth rate of 2.0%, and (2) an EV/EBITDA exit multiple of 16.8x. The base case valuation accounts for annual AUM growth of 9.9%, revenue yield growth of (0.6%), and a 10.4% increase in alternatives allocation over the five-year period. Alternatives AUM growth and revenue yield protection are the largest value drivers between the cases. The target price of US\$1,056 is a 55/30/15 weighted average of the bull, base, and bear DCF scenarios.

BLK has continued to lead the ETF market with the Company's differentiated product suite, leading to continuous growth and unmatched margin retention. The CPMT believes management is committed to maintaining market leadership through the consistent development of high-quality asset management products. BLK has proven its ability to scale its alternatives and infrastructure product suite in various market environments and through the acquisition of GIP, the Company has created opportunities for margin expansion, greater growth, and more stable cash flows. Due to these factors, the Fund believes that BLK will experience continued growth in its public and private product lines, and the name justifies a premium valuation closer to that of PE peers.