RFI Review Summary

**Price**

### Summary of Pricing, Fees, and Cost-Related Information   
  
#### \*\*1. Fund Fees and Expenses\*\*   
- \*\*Operating Expenses\*\*: Detailed by share class in the Fund’s Prospectus (Appendix F).   
- \*\*Shareholder Fees\*\*: Includes sales loads, redemption fees, and other charges (see Prospectus).   
- \*\*Expense Ratios\*\*: Vary by share class (e.g., Institutional, Investor, etc.).   
  
#### \*\*2. Performance-Based Fees\*\*   
- The Fund does not charge performance-based fees.   
  
#### \*\*3. Fee Waivers and Expense Caps\*\*   
- BlackRock may waive fees or cap expenses temporarily to limit costs for shareholders (details in Prospectus).   
  
#### \*\*4. Trading and Execution Costs\*\*   
- \*\*Best Execution Policy\*\*: Trades are executed to minimize costs, leveraging BlackRock’s scale and technology (Aladdin).   
- \*\*Soft Dollar Arrangements\*\*: Used for research/services compliant with Section 28(e) of the Securities Exchange Act.   
  
#### \*\*5. Share Class Conversions\*\*   
- \*\*C to A Shares\*\*: Automatic conversion after ~8 years (holding period includes predecessor fund ownership).   
  
#### \*\*6. Liquidity and Cash Management\*\*   
- The Fund maintains liquidity to meet redemptions, with a maximum 5% cash position.   
  
#### \*\*7. Interfund Lending\*\*   
- Permitted under SEC guidelines for short-term liquidity needs, with safeguards to protect shareholders.   
  
#### \*\*8. Fee Negotiation\*\*   
- Truist may access the lowest-fee share classes (e.g., K-share or Institutional class) based on platform availability.   
  
#### \*\*9. Regulatory Compliance\*\*   
- Fees and expenses comply with SEC regulations, disclosed in ADV filings and Fund documents.   
  
For exact figures, refer to the \*\*Fund Prospectus (Appendix F)\*\* and \*\*SAI (Appendix A)\*\*.   
  
\*\*Key Takeaway\*\*: BlackRock emphasizes cost efficiency, transparency, and regulatory adherence, with no performance fees and options for lower-cost share classes.

**People**

### \*\*Summary of People Involved, Team Structure, and Key Personnel\*\*   
  
#### \*\*1. Key Contacts & Team Structure\*\*   
- \*\*Primary Contact\*\*: Wesley Urick (Director)   
- \*\*Backup Contact\*\*: Anne Hull (Vice President)   
- \*\*Portfolio Managers\*\*:   
 - \*\*Lawrence Kemp, CFA\*\* (Managing Director): Head of the US Growth Team, also manages Large Cap Growth strategies.   
 - \*\*Phil Ruvinsky, CFA\*\* (Managing Director): Deputy Head of US Growth Team, leads Mid-Cap Growth, SMID-Cap Growth, and Innovation Growth strategies.   
 - \*\*William Broadbent\*\* (Director): Co-PM for Mid-Cap Growth and SMID-Cap Growth strategies.   
- \*\*Supporting Analysts\*\*: 12 dedicated research analysts specializing in sector-specific fundamental analysis.   
  
#### \*\*2. Investment Team Diversity & Compensation\*\*   
- \*\*Diversity\*\*:   
 - 54.9% diverse (women or racially/ethnically diverse).   
 - 31.1% women, 41.6% racially/ethnically diverse.   
- \*\*Compensation\*\*:   
 - Base salary + discretionary bonus tied to firm, business area, and individual performance.   
 - Senior roles include equity awards (restricted stock vesting over 3 years).   
  
#### \*\*3. Turnover & Succession Planning\*\*   
- \*\*Recent Departures (Past 5 Years)\*\*:   
 - Kathryn Mongelli (Director, resigned in 2019).   
 - Danny Arnouk and Daniel Beale (Research Analysts, resigned in 2018 and 2019).   
- \*\*Succession\*\*: Team-based approach ensures continuity; leadership development programs in place.   
  
#### \*\*4. Compliance & Ethics\*\*   
- \*\*Code of Ethics\*\*: All employees must adhere to BlackRock’s \*\*Code of Business Conduct and Ethics\*\*, including personal trading restrictions.   
- \*\*Regulatory Oversight\*\*: SEC-registered (BlackRock Advisors, LLC); last SEC examination noted no material unresolved issues.   
  
#### \*\*5. Governance & Oversight\*\*   
- \*\*Board of Directors\*\*: Independent oversight with regular meetings (e.g., Audit Committee met 14 times in 2021).   
- \*\*Risk Management\*\*:   
 - \*\*Risk & Quantitative Analysis (RQA) Group\*\* (284 professionals) monitors portfolio risks daily.   
 - Uses \*\*Aladdin\*\* for real-time risk analytics and compliance.   
  
#### \*\*6.

**Philosophy**

### \*\*Investment Philosophy & Guiding Principles Summary\*\*   
\*\*Firm:\*\* BlackRock Advisors, LLC   
\*\*Strategy:\*\* BlackRock Mid-Cap Growth Equity Portfolio   
  
#### \*\*Core Philosophy:\*\*   
1. \*\*Objective:\*\* Long-term capital appreciation by investing in U.S. mid-cap growth companies with sustainable competitive advantages and above-average earnings potential.   
2. \*\*Focus:\*\*   
 - \*\*Free Cash Flow (FCF) Growth:\*\* Targets companies with:   
 - Large, underpenetrated addressable markets.   
 - Recurring demand for products/services.   
 - Stable/expanding margins and strong management.   
 - \*\*Quality Metrics:\*\* High return on invested capital (ROIC), incremental margins, and FCF conversion.   
  
#### \*\*Portfolio Construction:\*\*   
- \*\*Bottom-Up Approach:\*\* Fundamental research drives stock selection, emphasizing:   
 - \*\*Valuation Discipline:\*\* Identifies mispriced growth opportunities.   
 - \*\*Diversification:\*\* Balances three growth categories:   
 1. \*\*Superior Growth:\*\* High-multiple companies with durable advantages.   
 2. \*\*Durable Growth:\*\* Margin-improving or cash-returning businesses.   
 3. \*\*Periodic Growth:\*\* Cyclical companies with unique assets.   
- \*\*Risk Management:\*\* Limits downside via low leverage, strategic assets, and low disruption risk.   
  
#### \*\*ESG Integration:\*\*   
- ESG risks/opportunities are embedded in fundamental analysis using tools like BlackRock’s ESG Risk Window (MSCI data).   
- Engages with management teams and leverages BlackRock’s Investment Stewardship team for governance oversight.   
  
#### \*\*Differentiators:\*\*   
- \*\*Strategic Balance:\*\* Combines high-growth and undervalued growth stocks to perform across market cycles.   
- \*\*Team Expertise:\*\* Veteran portfolio managers with a disciplined, research-driven process.   
- \*\*Risk Control:\*\* Active monitoring of correlated exposures and stock-specific risks.   
  
#### \*\*Guiding Principles:\*\*   
- \*\*Alpha Generation:\*\* Seeks opportunities across the valuation spectrum, not confined to traditional growth metrics.   
- \*\*Client Alignment:\*\* Compensation tied to long-term performance; equity ownership aligns interests.   
- \*\*Transparency:\*\* Regular reporting on holdings, performance, and risk metrics.   
  
\*\*Key Metrics (as of 30 June 2022):\*\*   
- \*\*Active Share:\*\* 81%   
- \*\*Tracking Error:\*\* 5.3%   
- \*\*Turnover:\*\* 22% (2020–2021)   
  
\*\*Benchmark

**Process**

### \*\*Investment Process Summary: BlackRock Mid-Cap Growth Equity Portfolio\*\*   
  
#### \*\*1. Investment Philosophy\*\*   
- \*\*Objective\*\*: Long-term capital appreciation through a disciplined growth equity strategy.   
- \*\*Focus\*\*: High-quality mid-cap companies with sustainable free cash flow (FCF) growth, driven by:   
 - Large, underpenetrated addressable markets.   
 - Recurring demand for products/services.   
 - Stable/expanding margins and strong management.   
- \*\*Key Metrics\*\*: High return on invested capital (ROIC), incremental margins, and FCF conversion.   
  
#### \*\*2. Portfolio Construction\*\*   
- \*\*Universe\*\*: Primarily the Russell Mid-Cap Growth Index, but flexible to invest outside the benchmark.   
- \*\*Holdings\*\*: 55–85 stocks, with:   
 - \*\*Max active weight\*\*: 500 bps (typical initial position: 350 bps).   
 - \*\*Max position size\*\*: 8% of the portfolio.   
 - \*\*Sector limits\*\*: Max 15% under/overweight vs. benchmark.   
- \*\*Cash Allocation\*\*: Limited to 5%.   
  
#### \*\*3. Three Growth Categories\*\*   
1. \*\*Superior Growth\*\*: High-multiple companies with durable competitive advantages.   
2. \*\*Durable Growth\*\*: Stable margin improvements or cash-returning businesses.   
3. \*\*Periodic Growth\*\*: Cyclical companies with unique assets at attractive valuations.   
  
#### \*\*4. Research & Security Selection\*\*   
- \*\*Bottom-Up Approach\*\*: Fundamental analysis of competitive positioning, sustainability, and valuation.   
- \*\*Valuation\*\*: Bull/base/bear case scenarios to assess risk/reward.   
- \*\*ESG Integration\*\*: MSCI ESG Risk Window screens for governance, environmental, and social risks.   
  
#### \*\*5. Risk Management\*\*   
- \*\*Active Risk Control\*\*: Ex-ante tracking error monitored via BlackRock’s proprietary risk models.   
- \*\*Liquidity Management\*\*: Daily oversight to meet redemption needs.   
- \*\*Compliance\*\*: Automated pre- and post-trade checks via Aladdin.   
  
#### \*\*6. Trading & Execution\*\*   
- \*\*Best Execution\*\*: Centralized global trading desk leveraging BlackRock’s scale for liquidity.   
- \*\*Soft Dollars\*\*: Used for research under Section 28(e) compliance.   
  
#### \*\*7. Performance Drivers\*\*   
- \*\*Alpha Sources\*\*: Stock-specific insights, diversified growth exposures, and disciplined valuation.   
- \*\*Challenges\*\*: Short-term under

**Performance**

### \*\*Performance Summary: BlackRock Mid-Cap Growth Equity Portfolio\*\*   
  
#### \*\*Historical and Recent Performance Metrics\*\*   
1. \*\*Benchmark\*\*: Russell Mid-Cap Growth Index   
2. \*\*Peer Group\*\*: Lipper Mid-Cap Growth Funds / Morningstar Mid-Cap Growth   
3. \*\*Key Performance Drivers\*\*:   
 - \*\*Investment Philosophy\*\*: Focuses on high-quality, sustainable free cash flow (FCF) growth companies with competitive advantages.   
 - \*\*Alpha Generation\*\*: Achieved through a diversified portfolio of "Superior Growth," "Durable Growth," and "Periodic Growth" stocks.   
 - \*\*Risk Management\*\*: Utilizes BlackRock’s proprietary Aladdin platform for risk analytics and compliance.   
  
4. \*\*Recent Performance (as of August 2022)\*\*:   
 - \*\*Active Share\*\*: 81% (indicating high differentiation from the benchmark).   
 - \*\*Tracking Error (1-year)\*\*: 5.3%.   
 - \*\*Portfolio Turnover (2020-2021)\*\*: 22% (down from 81% in 2016, reflecting a more disciplined approach).   
  
5. \*\*Performance Attribution\*\*:   
 - \*\*Sector & Stock Selection\*\*: Performance driven by bottom-up stock picking, with emphasis on companies with strong FCF growth potential.   
 - \*\*Market Conditions\*\*: Outperformance in growth-favorable markets; short-term underperformance during factor rotations (e.g., value rallies).   
  
6. \*\*Drawdowns & Lessons Learned\*\*:   
 - \*\*Max Drawdown (YTD 2022)\*\*: Driven by macroeconomic volatility (inflation, Fed tightening).   
 - \*\*Adaptation\*\*: Maintained focus on high-quality growth stocks while avoiding overexposure to speculative names.   
  
7. \*\*ESG Integration\*\*:   
 - ESG risks assessed via BlackRock’s proprietary ESG Risk Window.   
 - Engagement with company management on sustainability issues.   
  
8. \*\*Capacity & Liquidity\*\*:   
 - \*\*AUM (Strategy)\*\*: $14.5B (as of 2022).   
 - \*\*Liquidity Management\*\*: Daily liquidity with rigorous risk controls via BlackRock’s Risk & Quantitative Analysis (RQA) team.   
  
#### \*\*Conclusion\*\*   
The strategy aims for long-term capital appreciation through a disciplined, research-driven approach. While recent performance faced headwinds from macro volatility, the team’s focus on high-quality growth businesses and risk-aware portfolio construction positions it for potential outperformance over full