

<b>Company: BlackRock, Inc..</b>	<b>Ticker: BLK</b> <b>Current Price: \$ 745.35</b>	<b>Industry: Financial Services</b>	<b>Sub Industry: Investment Management</b>
Target Price: \$855.61 Stop Loss: \$684 52 Week High/ Low: \$973.16 / \$ 660.15	TTM P/E: 19.27 Forward P/E: 17.42 EPS: \$38.22	Beta: 1.24 Credit Rating: AA- (S&P) Rating Outlook: Stable	Market Cap: \$113.128b Avg Vol (12 M): 842,526 Dividend Yield: 2.64%

#### Company Background:

BlackRock, Inc., one of the world's largest publicly traded investment management firms, manages assets on behalf of institutions and individuals worldwide through a variety of equity and balanced, fixed income, cash management, alternative investment and advisory products. Also offers investment system, risk management, and financial advisory services.

#### Industry Outlook:

Once concerns surrounding the COVID-19 (coronavirus) dissipate, economic activity is expected to once again begin to improve. Improved economic conditions will enable disposable income levels to rise during the outlook period. This should help provide consumers and businesses with increased certainty in their long-term financial stability. This stability will likely lead to increased demand for industry operators' services. Additionally, improved economic conditions should lead the Federal Reserve to increase the Federal Funds Rate (FFR) from the near zero-bound levels it dropped to amid the coronavirus pandemic in the prior period. Industry operators will significantly benefit from this, as it will lead the interest rates on the products they provide to increase as well. Overall, these trends are expected to lead industry revenue to increase an annualized 4.9% to \$315.1 billion over the five years to 2026.

#### Investment Thesis:

We firmly believe that BlackRock is currently undervalued by the market and is a strong investment opportunity at the current price due to the following three reasons. The company's room to grow in the rapidly popularizing ETF investment space, the company's investments in industry leading technology and alternative investment capabilities, and the company's plan to expand into the massive Chinese capital markets.

#### Investment Risks:

- AUM exposure to market volatility
- Higher inflation and interest rates
- Fund cannibalization
- Downward pressure on fees due to competition

#### 3-5 take away from last quarter investor call transcript:

- Net inflows of \$540 billion in 2021, 6% organic asset growth and 11% organic base fee growth
- Net inflows of \$212 billion in Q4
- 2021 revenue of \$19.4 billion, increase of 20%. Operating income of \$7.5 billion, increase of 19%
- Will continue to invest in inorganic growth opportunities to accelerate organic growth

#### Financial Performance:

	2017	2018	2019	2020	2021
Revenue	13,600	14,198	14,539	16,205	19,374
Operating Profit		5,567	5,648	5,801	7,597
Net Income	4,952	4,305	4,476	4,932	5,901
Revenue Growth %	21.9%	4.4%	2.4%	11.46%	19.56%
EBITDA%	42%	41%	42%	38%	41%
Operating Profit %	40%	38%	41%	41%	43%
Net Income Margin	36%	30%	31%	30%	30%
D/E	15.54	15.10	16.41	21.30	23.96
EPS	30.54	26.92	27.28	30.78	36.60
PE Ratio	17.02	14.59	18.43	23.44	25.01
Current Ratio	-	-	-	-	-
ROE	16.26	13.42	13.58	14.33	16.17
ROA	2.25	2.27	2.73	2.85	3.58
Dividend Per share	10.00	12.02	13.20	14.52	16.52
FCF	3,830.6	4,643.5	4,792.5	5,034.1	6,045.1

#### Discounted Cash Flow

	2018-2021	2022-2031
Avg Revenue growth	9.45%	6.3%
Avg Gross Margin	51%	52%
Avg EBITDA Margin	40%	41%
Avg NOPLAT Margin	30%	30%
Avg FCF / Margin	25.46%	28.17%
Tax Rate		21%
WACC		9%
Perpetuity growth rate		3%

#### Analyst Opinion

Buy: 14	Hold: 3	Sell: 0
	Rating	Target
S&P Net Advantage	Strong Buy	\$1,010
Bloomberg	Buy	\$933.43
Yahoo Finance	Buy	\$925.09

#### Relative Valuation

Company Information		Financial Metrics			Valuation Metrics				Operational Metrics			
Ticker	Firm	Market Cap	BV of Equity	Total Assets	P/Sales	P/B	P/E	P/FCF	Gross Margin	EBIT Margin	ROE	ROA
BLK	BlackRock	112,964	37,693	152,648	5.8x	3.0x	20.3x	24.4x	50.7%	39.2%	15.4%	3.4%
KKR	KKR & Co.	52,231	16,466	264,285	3.2x	3.2x	7.5x	7.7x	43.8%	34.4%	8.6%	2.5%
TROW	T Rowe Price	33,891	9,023	12,509	4.4x	3.8x	12.1x	12.2x	53.4%	48.4%	33.2%	24.3%
STT	State Street Corp	32,584	25,387	314,624	2.7x	1.3x	12.2x	15.6x	33.5%	26.1%	9.9%	0.8%
Mean		57,917	22,142	186,017	4.0x	2.8x	13.0x	15.0x	45.3%	37.0%	16.8%	7.8%
Median		43,061	20,927	208,467	3.8x	3.1x	12.2x	13.9x	47.2%	36.8%	12.7%	2.9%

\*Industry Avg. includes companies listed

#### Total Return %

	BLK	Financials Sec.	S&P 500
YTD	-17.75%	-7.38%	-3.15%
2021	31.37%	51.65%	30.60%
Last 3 Years	92.28%	79.03%	68.73%
Last 5 Years	127.56%	96.05%	113.06%

#### CSR Characteristics

	BLK	Peers
ESG Disclosure:	47.7	42.99
Governance Disclosure Score	93.74	81.40
Social Disclosure Score	25.51	23.47
Environmental Disclosure Score	23.68	23.95

Prepared by Team Blue (MAR. 28, 2022) using Bloomberg, Value Line, S&P Net Advantage, Morning Star, Yahoo Finance