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March 2023

Dear Valued Client:

We would like to take this opportunity to offer you a copy of the Form ADV Part 2A (the “Brochure”) for BlackRock Investment Management, LLC (“BIM”). You can request a free copy of this document by letter or e-mail. **Please include your complete name, current address (including your e-mail address if requesting electronically) and your account number in your correspondence.**

To request a paper copy of the Brochure, please send a letter to Aperio Group, LLC, Attention: Compliance via email at [AperioADV@blackrock.com](mailto:AperioADV@blackrock.com) or via mail to 3 Harbor Drive, Suite 204, Sausalito, California 94965.

If you would like to receive the document electronically, please send an email request to [mary.phillips@blackrock.com](mailto:mary.phillips@blackrock.com). By requesting via e-mail, you consent to receive the document electronically in portable document format (PDF). To view the document, you will need Adobe® Acrobat Reader® software, which you may obtain free of charge at [www.adobe.com/products/acrobat/readstep.html](http://www.adobe.com/products/acrobat/readstep.html). Your consent is valid only for this purpose and may be withdrawn by sending an e-mail to our Correspondence Department at the address above. Since e-mail typically is not a secure means of transmitting information, please consider carefully the nature and extent of information you include in any e-mail communication to us. We also can send you an email with links to the Form ADV and other disclosure documents.

Additional information on Aperio, including access to its Form ADV Part 1 and the Brochure, is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Once there, you may conduct an “Investment Adviser Search” by selecting that hyperlink on the left-hand side of the page.

As of March 17, 2023, since the prior annual update on March 14, 2022, the following is a summary of the material changes made to the Brochure:

#### **Item 4 – Advisory Business – Delivery of Model Portfolios**

- We updated the types of investment strategies we offer Clients. While Aperio generally only implements long-only equity portfolios, certain Clients that meet eligibility criteria established by Aperio may invest in long/short equity strategies.
- We also added discussion of how Aperio also is offering the capability to integrate exchange-traded funds (“ETFs”) and mutual funds into Aperio’s management of Client portfolios at the Client’s direction.
- For Wrap Program Clients, we highlighted that Aperio requires a minimum account size for certain investment strategies, which varies among Wrap Program Sponsors.
- We provided details on a model-based SMA Wrap Program in which Aperio participates where Aperio delivers a model portfolio to an overlay portfolio manager. We updated Aperio’s Regulatory Assets Under Management as of December 31, 2022, to be \$54,545,912,619.

## **Item 5 – Fees and Compensation**

- We removed reference to a specific minimum annual fee to allow for flexibility in the minimum fee charged for Client accounts. We also noted that fees are applicable to long/short equity strategies. The range of Wrap Program fees was updated to reflect a maximum of 0.40% annual fee, depending on the product offered.
- For Clients who direct Aperio to manage ETFs that are Affiliated Funds in an Aperio account, we noted that Clients may be subject to fees and expenses in addition to Aperio's management fee, which is based on a percentage of the Client account value, including the value of the Affiliated Funds held in such account.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss.**

- We updated the risks discussed to include expanded discussion of the risks associated with strategies using indexes as benchmarks, values-aligned investment strategies, and strategies involving short selling of securities (including borrowing risk, leverage risk, and long/short strategy risk).

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- We added a discussion of potential conflicts involved in certain Client accounts that may hold shares of BlackRock Affiliated Funds. We noted that Aperio does not recommend purchases of BlackRock Affiliated Funds in Aperio portfolios but only integrates them into Client portfolios at a Client's direction.

## **Item 12 – Brokerage Practices**

- We updated Aperio's brokerage practices involving certain Wrap Programs, noting that it is likely that most, if not all, equity transactions for Clients of such Wrap Program Sponsors will be effected through the Wrap Sponsor because brokerage commissions and other charges for equity transactions not effected through the Wrap Sponsor can be charged to the Client, whereas the Wrap Fee generally covers the cost of brokerage commissions and other transaction fees on equity transactions effected through the Wrap Sponsor. In certain instances, the Wrap Sponsor requires Aperio, and not the Client, to bear the cost of brokerage commissions and other transaction fees for equity transactions not effected through the Wrap Sponsor. In such circumstances, Aperio will have an incentive to select the Wrap Sponsor or, if the Wrap Sponsor cannot effect a particular equity transaction, such other broker-dealer with the lowest transaction fees in order to minimize the costs to be borne by Aperio, which incentive may conflict with Aperio's duty to seek best execution for its Clients' accounts. Aperio seeks to mitigate this potential conflict of interest by selecting broker-dealers to obtain best execution based on the factors noted in *Item 12: Brokerage Practices*.

## **Item 17 – Voting Client Securities**

- We updated the list of proxy voting guidelines that Aperio offers Clients. We also described the default proxy voting policies that are applied to portfolios using particular strategies, as well as guidelines available for selection by certain Clients, including Clients in certain Wrap Fee Programs. We added discussion of Aperio's practices around voting paper ballots during the period in which the Client's custodian links to Aperio's proxy voting services or periods of interruption of the connection, noting that we would vote paper ballots during this period in favor of management as in the best interests of Clients. Additionally, we expanded our discussion of Aperio's policies regarding handling any material conflicts of interest.

The previous version of this Brochure was dated March 14, 2022. Aperio encourages each Client to read the Brochure carefully and to contact us at the telephone number or email address on the cover page of this Brochure with any questions you may have.

Additional information about Aperio and its investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Noted below is a link to the BlackRock Client and Vendor Privacy Notice, which applies to Aperio and explains our policies regarding the collection, use and protection of your personal financial information. As always, BlackRock is committed to protecting the confidentiality of your information.

Should you have any questions or require any additional information, please do not hesitate to contact your Financial Advisor.

Sincerely,

Aperio Group, LLC

### **BlackRock Client and Vendor Privacy Notice**

BlackRock is committed to processing personal information in line with all applicable privacy and data protection laws. For more information on the collection, use and disclosure of personal information by BlackRock, please see the BlackRock Client and Vendor Privacy Notice which is available at:

<https://www.blackrock.com/corporate/compliance/privacy-policy>