

Date: 10/18/2012

Analyst Name: Christopher Weber

CIF Stock Recommendation Report (Fall 2012)

Company Name and Ticker: BlackRock Inc

Section (A) Summary

Recommendation Buy:		Yes	No	Target Price: \$200	Stop-Loss Price: \$146.53
Sector: Financials		Industry: Investment Management		Market Cap (in Billions): \$32.42	# of Shrs. O/S (in Millions): 173.03
Current Price: \$189		52 WK Hi: \$209.37		52 WK Low: \$146.53	EBO Valuation: \$112.45
Morningstar (MS) Fair Value Est.: \$210		MS FV Uncertainty: Medium		MS Consider Buying: \$147	MS Consider Selling: \$283.5
EPS (TTM): 12.51		EPS (FY1): \$13.18		EPS (FY2): \$14.76	MS Star Rating: 4 stars
Next Fiscal Yr. End "Year": 2012 "Month": December		Last Fiscal Qtr. End: Less Than 8 WK: Y N		If Less Than 8 WK, next Earnings Ann. Date: October 17, 2012	Analyst Consensus Recommendation: Outperform
Forward P/E: 12.6		Mean LT Growth: 12.5%		PEG: 5.82	Beta: 1.49
% Inst. Ownership: 50		Inst. Ownership- Net Buy: Y N		Short Interest Ratio: 2.8	Short as % of Float: 1.6
<u>Ratio Analysis</u>		<u>Company:</u> BlackRock Inc		<u>Industry</u> Investment Management	<u>Sector</u> Financial
P/E (TTM)		14.98		57.78	32.8
P/S (TTM)		3.63		31.58	5.3
P/B (MRQ)		1.31		.96	1.27
P/CF (TTM)		12.56		60.04	12.44
Dividend Yield		3.2		2.6	2
Total Debt/Equity (MRQ)		31.31		68.01	149.83
Net Profit Margin (TTM)		25.62		11.86	16.89
ROA (TTM)		1.25		.89	.91
ROE (TTM)		9.24		1.98	5.58

<p><u>Investment Thesis</u></p> <p>After reviewing all the information and taking into account the opinions of seasoned financial analysts I believe investing in BlackRock would be a great idea for the Cougar Investment Fund. Over the past year analysts have taken a bullish attitude towards the stock. With a mean buying of 2.15 which has increased from three months ago I believe the stock is currently undervalued. It is my belief based on the amount of shorting going on in the market and the continued growth and recovery of the stock market that BlackRock is well on its way to increased value in its share prices. With the current price sitting at 189.17 and a 52 week high of 209.37 I believe the CIF would benefit from purchasing this stock. The only concern I have going forward is election that is coming up in a month. New fiscal policies could potentially have an adverse effect on the entire financial sector. However, BlackRock has consistently outperformed the S&P 500 and its competitors for many years including the last five years of economic recession. BlackRock's strength comes from its firm hold in the investment management industry as the largest company in the industry. Although I do not think CIF will hit a home run with BlackRock, there is definitely potential to make a decent return on our investment.</p>	<p><u>Summary</u> Provide brief summary of your analysis in each section that follows</p> <p><u>Company Profile:</u> BlackRock Inc. is the world's largest asset and investment management firm. Its assets under management total around \$3.5 trillion</p> <p><u>Fundamental Valuation:</u> BlackRock's P/E and P/B are good indicators on the company's overall financial strength and value. These ratios show much investors are willing to spend for 1 dollar of profit and the value from assets.</p> <p><u>Relative Valuation:</u> Comparing BlackRock to its competitors shows that BlackRock has tremendous value in the eyes of its investors with potential for huge growth within its sector.</p> <p><u>Revenue and Earnings Estimates:</u> For the past three years BlackRock's revenues have increased, and unless the economy unravels they should continue to rise.</p> <p><u>Analyst Recommendations:</u> Analysts recommend buying BLK stock. Reuters gives the stock a rating around 2, the general attitude is bullish regarding the stock.</p> <p><u>Institutional Ownership:</u> Nearly half the company is institutionally owned. This number is high but reasonable for a large investment firm such as BlackRock.</p> <p><u>Short Interest:</u> Over the last 4 months the stock has been volatile, with a tremendous amount of change in daily trades from June to August.</p>
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Stock Price Chart:

Over the past three months BlackRock has been outperformed by both the S&P500 and its competitor JPMorgan, however this is a good indication it may be time to buy because historically it has done much better than both.

Section (B) Company Profile

Company Summary

BlackRock is an asset management company focused on reaching investors around the world. They specialize in investment services for both taxable and non-taxable businesses and high net worth individuals. BlackRock's assets under management include investments in mutual funds, index funds and ETFs, as well as insurance and risk management products.

The company hires financial representatives who act as advisors for clientele all over the world. BlackRock's investment vehicles are both active and passive in nature. The AUM breakdown is as follows: 23% equities, 52% fixed income assets, 18% multi-asset investment, and lastly 7% is invested in alternatives.

Business Model, Competition, Environment and Strategy

BlackRock Inc specializes in the management of assets and investments for clients worldwide. The company operates in over 27 different countries and is a globally recognized company for its financial strength. BlackRock's total assets it manages amount to around \$3.56 trillion.

BlackRock's competition includes JPMorgan Chase, Citigroup, and Goldman Sachs to name a few. Each of these firms specializes in the financial services industry. The company is the world's largest asset management firm and BlackRock stays competitive by offering both passive and active strategies.

Revenue and Earnings History

Revenue / EPS Summary *			
Fiscal Quarter	2012 (Fiscal Year)	2011 (Fiscal Year)	2010 (Fiscal Year)
March			
Revenue	\$2,200(m)	\$2,244(m)	\$1,995(m)
EPS	3.14 (3/31/2012)	2.89 (3/31/2011)	2.17 (3/31/2010)
Dividends	1.5	1.375	1
June			
Revenue	\$2,056(m)	\$2,173(m)	\$2,032(m)
EPS	3.08 (6/30/2012)	3.21 (6/30/2011)	2.21 (6/30/2010)
Dividends	1.5	1.375	1
September			
Revenue		\$2,085(m)	\$1,763(m)
EPS		3.23 (9/30/2011)	2.83 (9/30/2010)
Dividends		1.375	1
December (FYD)			
Revenue		\$2,032(m)	\$2,132(m)
EPS		3.04 (12/31/2011)	3.34 (12/31/2010)
Dividends		1.375	1
Totals			
Revenue	\$4,256(m)	\$8,534(m)	\$7,922(m)
EPS	6.22	12.37	10.55
Dividends	3	5.5	4

[Previous 3 Years](#)

Total Revenues (in millions): 2010- 7,922 2011- 8,534 2012-4,256

Total EPS (in millions): 2010- 10.55 2011-12.37 2012- 6.22

BlackRock has seen good growth over the past three years and is currently on pace to exceed 2011's total revenue. The earnings per share has seen growth from 2010 to 2011 but it may not exceed 2011 EPS in 2012. It would be wise to wait and see if EPS continues growing at the pace it is at or if it has explosive growth as the fiscal year draws to a close.

Section (C) Fundamental Valuation (EBO)

BLK	PARAMETERS	FY1	FY2	Ltg									
	EPS Forecasts	13.18	13.63	12.50%									
	Book value/share (last fye)	140.47											
	Discount Rate	12.99%											
	Dividend Payout Ratio (POR)	37.12%											
	Next Fsc Year end	2012											
	Current Fsc Mth (1 to 12)	10											
	Target ROE (industry avg.)	7.05%											
	Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Long-term EPS Growth Rate (Ltg)			0.1250	0.1250	0.1250	0.1250	0.1250					
	Forecasted EPS	13.18	13.63	15.33	17.25	19.41	21.83	24.56					
	Beg. of year BV/Shr	140.470	148.758	157.328	166.970	177.817	190.020	203.748					
	Implied ROE		0.092	0.097	0.103	0.109	0.115	0.121					
ROE	(Beg. ROE, from EPS forecasts)	0.094	0.092	0.097	0.103	0.109	0.115	0.121	0.111	0.101	0.091	0.081	0.071
Abnormal ROE	(ROE-k)	-0.036	-0.038	-0.032	-0.027	-0.021	-0.015	-0.009	-0.019	-0.029	-0.039	-0.049	-0.059
growth rate for B	(1-POR)*(ROEt-1)	0.000	0.059	0.058	0.061	0.065	0.069	0.072	0.076	0.070	0.063	0.057	0.051
Compounded growth		1.000	1.059	1.120	1.189	1.266	1.353	1.450	1.560	1.669	1.774	1.875	1.970
growth*AROE		-0.036	-0.041	-0.036	-0.032	-0.026	-0.020	-0.014	-0.030	-0.049	-0.070	-0.093	-0.117
required rate (k)		0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130
Compound discount rate		1.130	1.277	1.443	1.630	1.842	2.081	2.351	2.657	3.002	3.392	3.832	4.330
div. payout rate (k)		0.371											
Add to P/B	PV(growth*AROE)	-0.03	-0.03	-0.03	-0.02	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02	-0.02	-0.03
Cum P/B		0.97	0.94	0.91	0.89	0.88	0.87	0.86	0.85	0.83	0.81	0.79	0.76
Add: Perpetuity													
beyond current yr	(Assume this yr's AROE forever)	-0.25	-0.24	-0.19	-0.15	-0.11	-0.08	-0.04	-0.09	-0.13	-0.16	-0.19	-0.21
Total P/B	(P/B if we stop est. this period)	0.72	0.69	0.72	0.74	0.77	0.79	0.82	0.76	0.71	0.66	0.60	0.55
Implied price		112.45	107.72	111.66	115.59	119.50	123.40	127.27	118.79	110.30	101.98	93.94	86.30
Check:													
Beg. BV/Shr		140.47	148.76	157.33	166.97	177.82	190.02	203.75	219.19	234.43	249.25	263.43	276.77
Implied EPS		13.18	13.63	15.33	17.25	19.41	21.83	24.56	24.23	23.57	22.56	21.21	19.51
Implied EPS growth			0.034	0.125	0.125	0.125	0.125	0.125	-0.014	-0.027	-0.043	-0.060	-0.080

Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2): **13.18 and 13.63**

Long-term growth rate: **12.50%**

Book value /share (along with book value and number of shares outstanding):

Book value:

of shares outstanding: **173.03mil**

Book value / share: **140.47**

Dividend payout ratio: **37.12%**

Next fiscal year end: **2012**

Current fiscal month: **10**

Target ROE: **7.05%**

Output

Above normal growth period chosen: 2015: With a beta of 1.49 BlackRock is very volatile.

During times of economic uncertainty I do not want to forecast beyond three years in the event that the stock market takes another nose dive like it did in 2008.

EBO valuation (Implied price from the spreadsheet): 115.59

Sensitivity Analysis

EBO valuation would be (you can include more than one scenario in each of the following):

119.5 if changing above normal growth period to 2016

116.52 if changing growth rate from mean (consensus) to the highest estimate 13%

114.66 if changing growth rate from mean (consensus) to the lowest estimate 12%

91.46 if changing discount rate to 16%

115.59 if changing target ROE to 8%

Section (D) Relative Valuation

BLK												
Mean FY2												
		Mkt Cap	Current Price	Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG (MRQ)	P/B	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM
1	C.N.	CitiGroup	\$ 103,047.50	\$ 37.25	\$ 3.58	10.41	10.48%	0.99	0.56	-2.86%	-0.20	1.35 7.49
2	BAC	Bank of America	\$ 99,255.71	\$ 9.46	\$ 0.91	10.40	7.20%	1.44	0.46	1.33%	0.35	1.02 7.54
3	JPM	JPMorgan Chase	\$ 158,673.91	\$ 42.83	\$ 5.20	8.24	7.15%	1.15	0.86	8.20%	0.10	1.69 7.41
4	GS	Goldman Sachs	\$ 57,568.34	\$ 123.22	\$ 2.69	45.81	17.42%	2.63	0.85	5.17%	0.16	1.69 10.72
	BLK	BlackRock	\$ 32,419.38	\$ 189.97	\$ 2.61	72.79	12.50%	5.82	1.13	7.53%	0.15	3.63 18.54
Implied Price based on:												
1	C.N.	CitiGroup				\$27.16		\$32.39	\$94.14		#####	\$70.65 \$76.75
2	BAC	Bank of America				\$27.13		\$47.11	\$77.33		\$437.83	\$53.38 \$77.26
3	JPM	JPMorgan Chase				\$21.50		\$37.58	\$144.58		\$132.77	\$88.44 \$75.93
4	GS	Goldman Sachs				\$119.56		\$85.79	\$142.90		\$208.13	\$88.44 \$109.84
	High					\$119.56		\$85.79	\$144.58		\$437.83	\$88.44 \$109.84
	Low					\$21.50		\$32.39	\$77.33		#####	\$53.38 \$75.93
	Median					\$27.14		\$42.34	\$118.52		\$170.45	\$79.55 \$77.00

From the top panel

Discuss whether your stock and its competitors have very different multiples. Point out if any of the five stocks have multiple that is far off from the others. Make an attempt to explain why (you would want to read analyst research report in *Morningstar Direct*; you should also look for comments from other financial sites). **The discussions should address all of the following valuation metrics: forward P/E, PEG, P/B (MRQ), P/S (TTM), and P/CF (TTM).**

Compare the implied prices derived from various valuation metrics. Also compare those implied price to the stock's current price, and 52-week high and low.

Response: In comparison to its competitors, BlackRock is currently priced much higher than the other stocks with the exception of Goldman Sachs. The PEG ratio is a good indicator of each of the company's potential for growth and the resulting earnings per share that come with that growth. When compared to the P/E ratio, the PEG ratio gives investors and shareholders alike a much clearer indication of how company growth will effect earnings.

From the bottom panel

Discuss the various implied prices of your stock derived from competitors' ("comparables") multiples. How different are the prices derived from the various valuation metrics? Note any valuation metrics that seem to yield outlier prices and explain why (**HINT:** is that because that particular valuation metrics is not very relevant for the industry? Do you best to provide convincing arguments).

For each valuation metrics, Compare the current price and 52-week high /low of your stock to the High-low range derived from multiples of its competitors.

Among the valuation metrics analyzed, **which ones do you think are most relevant as a valuation tool for your stock?**

Response: After evaluating the spreadsheet, the P/E and P/B ratios are the best ratios to use when comparing companies in the financial sector to BlackRock. The P/E ratio gave the most consistent results with the exception of Goldman Sachs and BlackRock. The reason for this being that Goldman and BlackRock's stock is trading at a much higher value than its competitors. This high P/E ratio indicates that investors in Goldman Sachs and BlackRock are willing to pay a much higher price for net income dollars.

The P/B ratio was the best indication of a company's performance in relation to what investors expect management to do in order to increase shareholder wealth. BlackRock's

relatively high P/B ratio in relation to its competitors indicates that shareholders expect BlackRock's assets to increase in value.

Section (E) Revenue and Earnings Estimates

Historical Surprises

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Jun-12	2,258.00	2,229.00	29.00	1.28
Quarter Ending Mar-12	2,226.26	2,249.00	22.74	1.02
Quarter Ending Dec-11	2,234.95	2,227.00	7.95	0.36
Quarter Ending Sep-11	2,264.22	2,225.00	39.22	1.73
Quarter Ending Jun-11	2,323.37	2,347.00	23.63	1.02
Earnings (per share)				
Quarter Ending Jun-12	3.01	3.10	0.09	3.06
Quarter Ending Mar-12	3.04	3.16	0.12	4.10
Quarter Ending Dec-11	2.99	3.06	0.07	2.35
Quarter Ending Sep-11	2.64	2.83	0.19	7.16
Quarter Ending Jun-11	2.88	3.00	0.12	4.32

Review recent trends in company's reported revenue and earnings, and discuss whether (1) the company has a pattern of "surprising" the market with numbers different from analysts' estimates; (2) Were they positive(actual greater than estimate) or negative (actual less than estimate) surprises? (3) Were surprises more notable for revenue or earnings? (4) Look up the stock chart to see how the stock price reacted to the "surprises. **NOTE:** Reuters does not put the sign on the surprise. **You need to put a "negative" sign when it is a negative surprise.**

Response: BlackRock's estimated sales and earnings compared to its actual sales and earnings are almost identical. This speaks to the fact that BlackRock is a well-established company and is consistent in its profitability. In many cases BlackRock outperformed its estimates bringing in more money and in turn paying more EPS. Surprises were more notable for recent revenues. Although very small in comparison to BlackRock's overall financial strength, the last quarter saw a small decline in revenue which in turn has caused the stock to drop somewhat in value. It is my belief that this quarter BlackRock will show an increase in revenue.

Consensus Estimates Analysis

Sales and Profit Figures in US Dollar (USD)
 Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Dec-12	15	2,446.28	2,553.14	2,364.50	2,816.16
Quarter Ending Mar-13	9	2,359.04	2,458.07	2,284.43	2,570.93
Year Ending Dec-12	18	9,200.82	9,318.23	9,084.00	10,135.40
Year Ending Dec-13	18	10,011.50	10,466.10	9,634.94	11,401.20
Earnings (per share)					
Quarter Ending Dec-12	18	3.64	3.89	3.45	3.96
Quarter Ending Mar-13	11	3.35	3.53	3.11	3.61
Year Ending Dec-12	20	13.18	13.63	12.91	13.71
Year Ending Dec-13	20	14.76	15.44	14.16	16.17
LT Growth Rate (%)	4	12.50	13.00	12.00	19.62

Consensus Estimates Trend

Sales and Profit Figures in US Dollar (USD)
 Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Dec-12	2,446.28	2,433.84	2,422.61	2,425.01	2,816.16
Quarter Ending Mar-13	2,359.04	2,360.26	2,337.02	2,344.03	2,570.93
Year Ending Dec-12	9,200.82	9,174.79	9,160.97	9,165.26	10,135.40
Year Ending Dec-13	10,011.50	9,965.42	9,923.94	9,937.50	11,401.20
Earnings (per share)					
Quarter Ending Dec-12	3.64	3.61	3.57	3.58	3.96
Quarter Ending Mar-13	3.35	3.36	3.31	3.32	3.61
Quarter Ending Dec-12	13.18	13.12	13.07	13.08	13.71
Quarter Ending Dec-13	14.76	14.70	14.60	14.61	16.17

Review recent trend of analysts' consensus (mean) estimates on revenue and earnings. (1) Are the consensus estimates trending up, down, or stay the same? (2) Is the trend more notable for the near- or out- quarter, FY1 or FY2, revenue or earnings?

Response: The estimates have been trending up for revenues and EPS over the last two quarters. This is a direct result of growth in revenues and increased shareholder equity. The trend is most notable for FY2 estimated revenues, although a year ago the company was predicting a lot more in expected revenues.

**Copy/paste the “Estimates Revisions Summary” Table from *Reuters.com*, “Analysts” tab
(include both revenue and earnings)**

Estimates Revisions Summary

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Dec-12	2	0	7	0
Quarter Ending Mar-13	0	1	3	0
Year Ending Dec-12	3	0	9	1
Year Ending Dec-13	3	0	9	0
Earnings				
Quarter Ending Dec-12	5	1	11	1
Quarter Ending Mar-13	2	1	5	1
Year Ending Dec-12	5	1	13	0
Year Ending Dec-13	5	1	11	1

Review the number of analysts revising up or down their estimates (both revenue and earnings) **in the last and last four weeks.** (1) Note whether there are more up or down revisions; (2) are the revisions predominantly one directional? (3) Any notable difference last week versus last four weeks, revenue versus earnings?

Response: The majority of analysts are revising their estimates up. This is great news for BlackRock and it means that BlackRock has been outperforming expectations. I believe the huge shift in analysts revising up four weeks ago has had a huge impact on the estimates of analysts and just last week estimates were still continuing to go up.

You will need to incorporate what you see here with Morningstar’s analyst research report (you can access **Morningstar Direct at the Financial Markets Lab.**) and other readings/analysis you found from various on-line financial sites. Discuss whether you think the company has a good chance of making or beating analyst consensus estimate, and why. Based on how the stock has been trading lately, do you think market has already anticipated strong or lackluster financial outlook from the company?

Response: Based on both BlackRock’s and the S&P500’s performance its safe to say that BLK is doing better than anticipated for the year. With a positive growth in stock value of around 3% for just this past week it is my belief that the stock will continue to grow. With a fair value estimate of \$210 and the stock currently trading for around \$189 it is time for investors, including investors in the Cougar Investment Fund, to get in and realize a great return. Both Morning Star and Reuters agree that the stock is undervalued and BlackRock is in a position to

continue growing through the end of the fiscal year. Even during times of economic uncertainty, BlackRock has shown it is profitable and will continue to be so into the future.

Section (F) Analysts' Recommendations

Copy/paste the “Analyst Recommendations and Revisions” Table from *Reuters.com*, “Analysts” tab. NOTE: Make sure you copy the entire table including the “Mean Rating” at the bottom of the table.

Consensus Recommendation	Next Earnings (approx.)	Company Fiscal Year End Month	Last Updated
Outperform	3.64	December	17 Oct 2012

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	5	4	4	4
(2) OUTPERFORM	8	8	8	7
(3) HOLD	6	7	6	7
(4) UNDERPERFORM	1	1	1	1
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.15	2.25	2.21	2.26

Review the trend of analyst recommendations over the last three months. Is there a notable change of analyst opinions, turning more bullish or bearish? How many different ratings out of the five possible ones did the company receive currently, one, two, and three months ago? Is there a notable trend of opinion convergence or divergence? Is what you see here

consistent to comments in Morningstar analyst's research report as well as various online financial sites you had researched on?

Response: Over the last few months analyst opinion has not changed much in regard to BlackRock's stock. The mean rating is 2.15 which tends to be more on the bullish side. Analysts from Morning Star, Reuters, and Yahoo all agree that the stock will most likely outperform most people's expectations.

Section (G) Institutional Ownership

BLK			
Ownership Activity	# of Holders	% Beg. Holders	Shares
Shares Outstanding			167,372,832
# of Holders/Tot Shares Held	757	101.07%	139,237,459
# New Positions	12	1.60%	
# Closed Positions	4	0.53%	
# Increased Positions	53	7.08%	
# Decreased Positions	26	3.47%	
Beg. Total Inst. Positions	749	100.00%	139,193,508
# Net Buyers/3 Mo. Net Chg	27	67.09%	43,951
Ownership Information	% Outstanding		
Top 10 Institutions % Ownership	49.80%		
Mutual Fund % Ownership	0.38%		
Float %	96.09%		
> 5% Ownership			
Holder Name	% Outstanding	Report Date	
PNC Wealth Management	21.10%	6/30/2012	
Norges Bank Investment Management	6.20%	12/31/2011	
Statens Pensjonfond Utland	6.10%	12/31/11	
Wellington Management Company	5.20%	06/30/12	

Combine information provided in all three sections to discuss whether (1) institutions, on net basis, have been increasing or decreasing ownership and how significant, (2) the stock has sizable institution interests and support, (3) the extent of the (> 5%) owners, and (4) this could be a bullish or bearish indication of future stock price movement.

Response: Institutional owner comprises a majority of the holdings at BlackRock. This is not surprising for a massive investment firm like BlackRock. I believe that the big players who hold a majority of company feel that BlackRock is profitable, growing company that has a proven track record of success. Institutions have been increasing over the last few years which has helped BlackRock to grow and remain the largest investment services company within the sector. This is a very bullish indication.

Section (H) Short Interest

From <http://www.nasdaq.com/> (NASDAQ's website)

BLK Short Interest Table

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
9/28/2012	1,627,373	594,937	2.735370
9/14/2012	1,562,298	626,800	2.492498
8/31/2012	1,442,251	386,088	3.735550
8/15/2012	1,385,125	490,375	2.824624
7/31/2012	1,211,707	781,553	1.550384
7/13/2012	1,154,385	746,073	1.547282
6/29/2012	1,156,710	1,161,795	1.000000
6/15/2012	1,450,878	1,045,399	1.387870
5/31/2012	2,099,877	3,668,443	1.000000
5/15/2012	1,585,085	729,312	2.173398
4/30/2012	1,749,050	848,911	2.060346
4/13/2012	1,711,402	656,338	2.607501
3/30/2012	1,477,158	489,435	3.018088
3/15/2012	1,441,608	630,223	2.287457
2/29/2012	1,260,868	683,439	1.844887
2/15/2012	1,077,928	740,993	1.454707
1/31/2012	1,746,086	801,348	2.178936
1/13/2012	2,000,034	623,627	3.207100
12/30/2011	1,932,269	492,595	3.922632
12/15/2011	1,871,302	637,916	2.933461
11/30/2011	1,672,728	804,819	2.078390
11/15/2011	1,314,102	960,996	1.367438
10/31/2011	1,175,057	1,124,484	1.044974
10/14/2011	1,131,821	1,015,695	1.114332



From <http://finance.yahoo.com/>

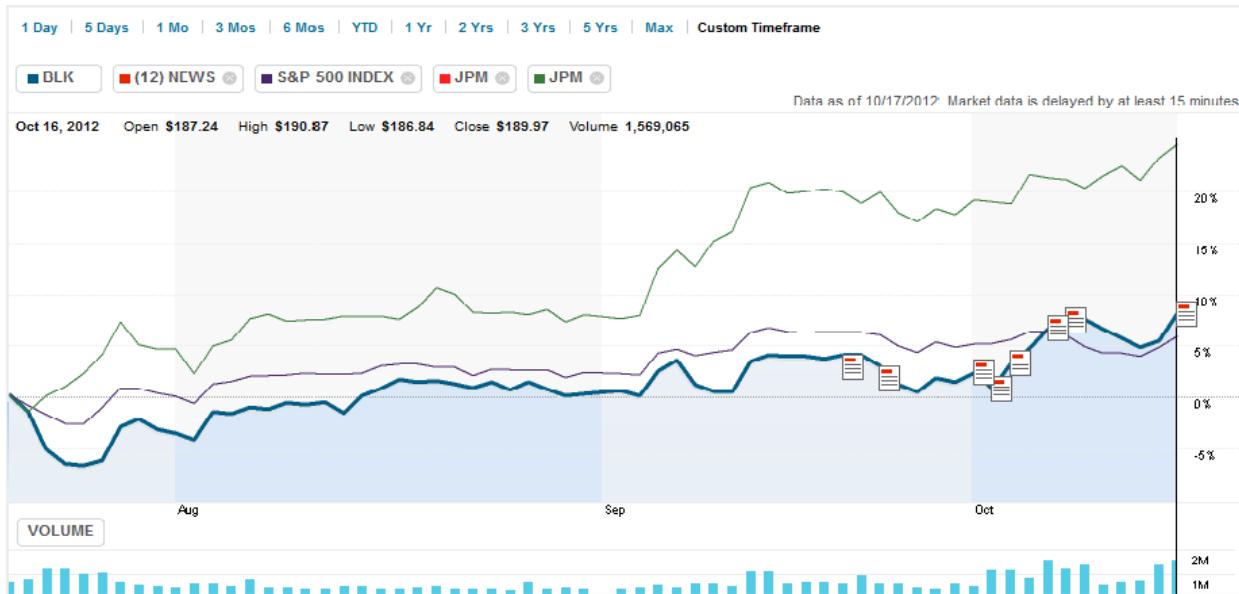
Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
660,986	1,056,300	172.90M	158.66M
Shares Short (Most recent date)	Short Ratio (Most recent date)	Short % of Float (Most recent date)	Shares Short (2 weeks prior)
1.63M	2.80	1.60	1.56M

BlackRock stock has seen a recent increase in the amount of short sales occurring with its stock. This is indicating that investors believe the stock will be declining in price in the days to come. Although the amount of stock being shorted is relatively low in comparison to total shares outstanding, I believe this increase in stocks shorted may indicate that investors are expecting a decline in stock value in the near future.

BlackRock is the largest asset managing firm, but in recent times the stock has been bearish with only about 50% of its stock performing at their benchmark. Although bearish in nature now, I believe that because of its size BlackRock is on the road to becoming a bullish stock in the years to come. This return to a bullish nature is also due to increasing AUM that passively earns income for BlackRock thus ensuring its continued profitability.

Section (I) Stock Charts

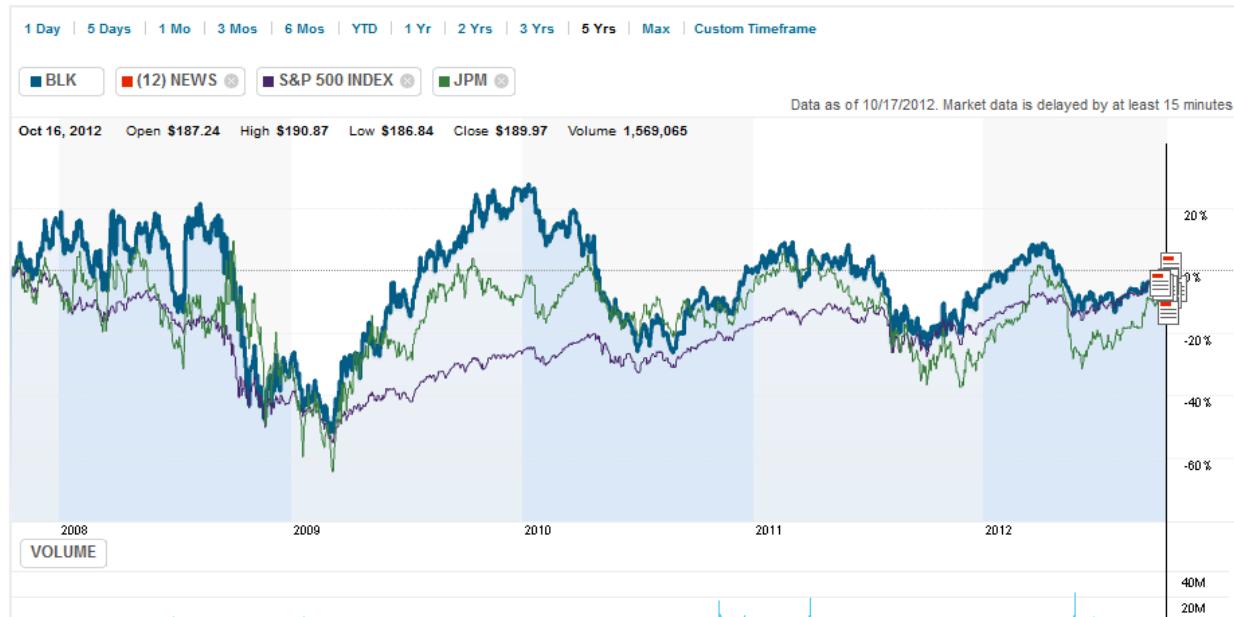
A three months price chart



A one year price chart



A five year price chart



When comparing BlackRock to the S&P500 and one of its competitors JPMorgan Chase in the past three months, it is clear that JPMorgan has been outperforming BlackRock quite a bit. Only in the last month as BlackRock outperformed the S&P500. However this has not been the case historically once you compare BlackRock over the past year and five years. From December to June of this year BlackRock has beaten the S&P500's performance by a good margin as well as JPM. Looking back over the past five years, even during the economic crisis BlackRock has been dominate in its stock performance and done exceedingly better than both JPM and the S&P500.

Sources:

Morning Star Direct

www.reuters.com

Yahoo Finance

NASDAQ