

Initiating Coverage:

# BlackRock (\$BLK)

BlackRock Reports Record AUM, Maintains Stability Despite Volatility

**Key Take-away:** Blackrock's 2025 Q1 report shows a record-setting \$11.58 trillion in assets under management, up from \$10.47 trillion at the end of Q1 in 2024 and up from \$11.55 trillion at the most recent quarter's end. Additionally, their adjusted earnings per share (EPS) of \$11.50 significantly exceeded analyst expectations of \$10.08 in the first quarter. They have also delivered a 6% organic base fee growth, their best start to a year since 2021. All these measures impressed despite the volatility of the market in the first quarter of 2025. Despite the condition of the market in the future, Blackrock has proven that they can thrive in any environment.

**Expansion Into Private Sector:** In March 2025, Blackrock completed the acquisition of Preqin, a UK-based private markets data provider, for \$3.2 billion. Preqin is a company that collects and sells data about private markets, including information on private equity, hedge funds, infrastructure, and other investments that are not traded on stock markets. In December 2024, Blackrock announced the acquisition of private credit firm HPS Investment Partners for approximately \$12 billion, to be completed in the coming months. HPS is a leading private credit firm with \$148 billion in assets under management, and this acquisition will create a new private financing division within Blackrock, led by HPS's top executives. These acquisitions will help Blackrock expand its presence in the private markets, which have been growing fast and proven to be relatively stable in times of market uncertainty.

**Texas' Removal of BlackRock from Investment Blacklist:** In 2022, Texas created a blacklist requiring its public pension funds to divest from financial firms that "boycott" the oil and gas industry; BlackRock was added to this list for its involvement in ESG-focused climate initiatives. In 2025, they were officially removed from the list after easing progressive climate policies, allowing Texas funds to buy BlackRock shares and invest in its funds. State-run funds are also now permitted to turn to the asset managing company for financial advice and risk management guidance. Texas' pension and investment funds collectively have approximately \$300 billion in assets, which, if invested in BlackRock, could significantly raise the company's profits.

**Valuation:** We initiate coverage with a \$1,140 PT.



Consortium Research Group  
FIG | Asset Management  
June 23<sup>rd</sup>, 2025

Stock Rating: Equal Weight

Price Target: \$1,140

Price: \$1,088.75

Potential Upside/Downside: 4.98%

Ticker: \$BLK

1 Year History

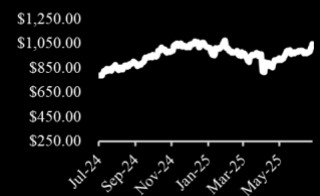


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## Company Overview

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**Company Description:** BlackRock is the world's largest asset manager, offering investment services for a wide spectrum of clients including institutional investors, retail investors, governments, corporations, and financial advisors. In the public markets, they provide ETF's (iShares), mutual funds, index funds, active equity and fixed-income strategies, and multi-asset portfolios. In the private markets they offer private credit, infrastructure, private equity, real estate, hedge funds, and venture capital. They also provide wealth management, retail investing, and technology services that aid in investing (Aladdin).

**Shift to Technology-Based Services:** BlackRock's core business has historically been active and passive asset management, but it has recently transformed into a leading fintech and advisory firm. This is primarily through the expansion of their Aladdin platform, which they have continually added new features to meet evolving needs. In the last 7 years, they have added Aladdin Climate (lets clients assess climate change risk in portfolios), Aladdin Wealth (helps advisors analyze risk, diversification, etc. of a client's entire portfolio), and Aladdin for Alternatives (tracks and manages private investments).

**Further Detail on the Aladdin Platform:** BlackRock's Aladdin (Asset, Liability, Debt and Derivative Investment Network) has not only expanded its services to appeal to more types of investors, but they have made it more accessible in general. Today, it is used by over 200 institutions globally. Their partnership with Microsoft Azure (2020) moved Aladdin to the "cloud" which is much more accessible than the internal services it previously ran on. Aladdin previously required firms to install it on BlackRock's servers, with custom set-ups and IT support. Now, it runs online, making it faster, cheaper, and easier to use globally.

## Industry Overview

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**Surge in Demand for Private Assets:** Ever since the Great Recession (2008), banks have pulled back on lending due to regulations. This opened the door for asset managers like BlackRock, Apollo, and Ares to privately lend to companies, and earn steady, high-yield returns. Private credit is especially popular right now because they use "floating interest rates" (rates adjust periodically as interest rates change), and returns go up when the Fed raises rates. Additionally, public securities may not perform well when the economy is growing slowly and/or inflation is high; most private long-term investments have revenues that rise with inflation (and increases in interest rates), so private markets can still offer strong returns in a slow economy. Private assets act more stable in volatile markets too, as they are valued quarterly or annually, as opposed to public markets that react instantly to economic news.

**Rise of A.I. and Technology in Asset Management:** Over the past few years, the asset management industry has seen a shift toward AI-powered tools to make smarter investment decisions. Firms have started using AI machine learning to analyze market trends and economic indicators to aid portfolio managers in identifying patterns and forecasting risks. Asset managers can also build custom portfolios with AI, tailored to their customers' risk profiles, goals, income, and spending habits. Many asset management firms have embedded AI into their operations to stay competitive.

**Pushback against ESG Investing:** Between 2020 and 2022, ESG investing became very popular. Asset Managers started offering more "sustainable" funds that helped the environment, treated people fairly, and were run ethically and transparently. Despite the positive effect these funds can have on the environment, many conservative states have banned or cut off public funding for firms that invested in ESG-friendly funds. They argue that ESG mixes politics with investing and could hurt returns, and do not do enough for climate or social justice anyway.

## Peer Comparisons

### Comparable Companies

<i>\$mm</i>					
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
JPMorgan Chase & Co. (JPM)	\$786,000	\$1,040,000	14.8x	\$180,900	\$82,700
State Street (STT)	\$30,000	\$52,500	11.8x	\$13,000	\$3,700
T. Rowe Price (TROW)	\$21,000	\$19,400	10.9x	\$6,500	\$3,050
Franklin Resources (BEN)	\$12,000	\$23,800	33.5x	\$5,600	\$1,400
<b>BlackRock</b>	\$150,362	\$169,882	24.6x	\$20,407	\$8,350

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
JPMorgan Chase & Co. (JPM)	12.6x	100.0%	45.7%	41.3%	8.1%
State Street (STT)	14.2x	95.5%	35.0%	26.0%	5.2%
T. Rowe Price (TROW)	6.4x	89.8%	40.4%	36.5%	12.1%
Franklin Resources (BEN)	17.0x	37.9%	19.2%	13.3%	13.1%
<b>BlackRock</b>	20.3x	50.7%	41.2%	36.2%	11.6%

High	20.35x	100.0%	45.7%	41.3%	13.1%
75th Percentile	17.00x	95.5%	41.2%	36.5%	12.1%
<b>Average</b>	14.09x	74.8%	36.3%	30.7%	10.0%
<b>Median</b>	14.19x	89.8%	40.4%	36.2%	11.6%
25th Percentile	12.58x	50.7%	35.0%	26.0%	8.1%
Low	6.36x	37.9%	19.2%	13.3%	5.2%

### General Dynamics Valuation

Implied Enterprise Value (25th Percentile)	\$	105,006
<b>Implied Enterprise Value (Median)</b>	<b>\$</b>	<b>118,480</b>
Implied Enterprise Value (75th Percentile)	\$	141,950
Implied Share Price (25th Percentile)	\$	680.35
<b>Implied Share Price (Median)</b>	<b>\$</b>	<b>767.28</b>
Implied Share Price (75th Percentile)	\$	918.70

Source: CapIQ

## Investment Theses

**BlackRock is Building a Dominant Platform in Emerging Private Markets:** Private markets are on the rise, as they are projected to reach more than \$18 trillion in assets under management (AUM) by 2027, up from \$11.87 trillion in 2023. The recent acquisition of Preqin gives BlackRock top-tier data and analytics infrastructure for private assets, enabling smarter investment decisions via Aladdin, their investment management platform. Additionally, the acquisition of HPS Investment Partners, positions BlackRock as a top-tier private credit lender. BlackRock's already dominant position in the emerging private markets primes them for a strong future.

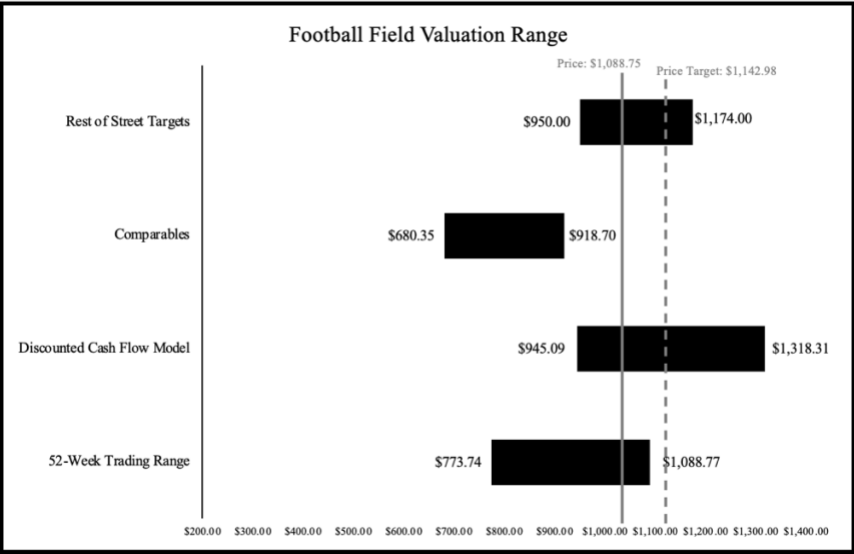
**BlackRock's Role in Powering AI is Underappreciated by the Market:** There is strong market consensus that AI will be highly profitable in the years ahead. This is reflected in the recent popularity of NVIDIA, which has reached the second-highest market cap of \$3.456 trillion. What people may not know, however, is that NVIDIA only supplies the accelerated compute chips (GPUs) needed for AI to function. On the other hand,

BlackRock finances everything else in the AI system: the data centers, energy, real estate, fiber cables, partnerships that help AI grow, and the GPUs. However, BlackRock is currently trading at a Price/FCF of approximately 15x, while NVIDIA trades at 67x; investors are paying over 4x as much for each dollar of free cash flow at NVIDIA vs. BlackRock. It is only a matter of time before investors start to recognize BlackRock's immense role in AI development. As people become increasingly optimistic about the future of AI, and as AI companies bring in more revenue, companies like NVIDIA are not the only ones who will see increased profits; BlackRock will too.

**Capitalization on Investment Opportunities in the Middle East:** Over 30% of BlackRock's assets under management are in Europe, the Middle East, and Africa, and they have shown strong interest in increasing presence in the Middle East especially. As the Middle East continues to stray away from oil and towards a more diversified economy, there are many wealth-creation opportunities, especially in sectors like tech, healthcare, and renewable energy, as well as the private markets. On top of the \$100 billion in assets they already manage in the Middle East (and Africa), BlackRock has certainly capitalized on these investment opportunities, recently establishing BlackRock Riyadh Investment Management (BRIM) in Saudi Arabia and a private markets platform in the UAE. As the non-oil aspects of the Middle East economy grow, BlackRock should see an increase in profits from these strategic, early investments.

Price Target & Valuation

Our analysis gives \$BLK a price target of \$1,140 and an Equal weight rating.



Potential Downsides / Upsides to Our Rating

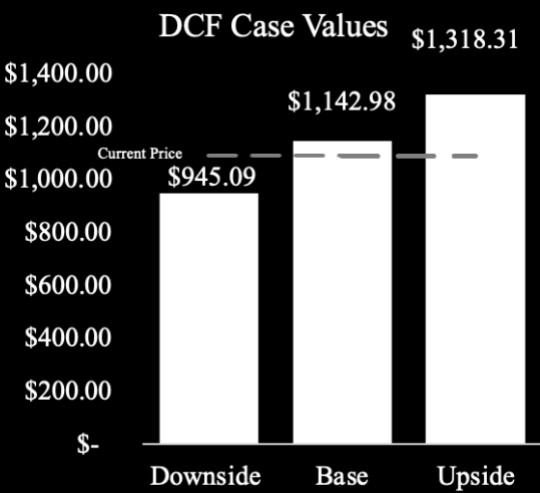
**Downside - Escalating Political Backlash Against ESG:** In the last few years, many conservative states like Florida, Indiana, Oklahoma, West Virginia, and Kentucky have cut off public funds to BlackRock, which has ESG initiatives. These states believe funds like BlackRock neglect fossil-fuel investments. While Texas recently reinstated public funding to BlackRock, other red states have not showed signs of reversing anti-ESG policies.

**Upside - Rapid Growth in Private Sector and Middle East Capital Flows:** BlackRock has already established a prominent position in the private markets, and with high interest rates and inflation in the economy today, there is a good chance the private sector will see significant growth in the future. Additionally, recent partnerships and fund implementation in the Middle East puts BlackRock in a strong position to see increased revenue growth. With the Middle East turning away from oil and towards other industries (like financial institutions), there is also a solid chance BlackRock will benefit.

Our Price Target: **\$1,140.00**  
Our PT is based on a 21.5x 2030 EV/EBIT and MSD revenue growth, with margins staying roughly flat on the period. We apply a modest premium to peers given BlackRock’s established position in the asset management industry, early positioning in the private markets, wealth distribution in Asia and the Middle East, and recurring, fee-based revenue from Aladdin.

Our Upside Case: **\$1,320.00**  
Our upside case assumes stronger-than-expected revenue growth (HSD) driven by the advancement in BlackRock’s technology services and expansion into the private sector. We assume there will be continued AI advancements in the Aladdin platform, and private markets continue to gain popularity due to rising inflation and uncertainty in the public markets.

Our Downside Case: **\$950.00**  
Our downside case assumes an LSD revenue growth due to limited upside from Aladdin and private markets. Weak AUM growth due to inflation, geopolitical risk, and ESG backlash further limits their upside.



## Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	16,205,000	17,425,000	18,755,250	20,348,684	22,255,112	11.2%
EBITDA	6,053,000	6,400,000	7,380,245	8,160,752	9,098,692	14.6%
EBIT	5,695,000	6,000,000	6,948,323	7,681,008	8,561,499	14.6%
NOPAT	4,457,000	4,700,000	5,211,242	5,760,756	6,421,125	12.9%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	37.4%	36.7%	39.4%	40.1%	40.9%	38.9%
EBIT Margin	35.1%	34.4%	37.0%	37.7%	38.5%	36.6%
Revenue Growth	-16.4%	7.5%	7.6%	8.5%	9.4%	3.3%
EBIT Growth	-23.6%	5.4%	15.8%	10.5%	11.5%	3.9%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	33.5x	31.5x	28.5x	25.8x	23.1x	28.5x
EV/Sales	10.5x	9.7x	9.0x	8.3x	7.6x	9.0x
EV/EBITDA	28.1x	26.5x	23.0x	20.8x	18.7x	23.4x
FCF Yield	3.0%	3.2%	3.5%	3.9%	4.3%	4.9%

## About \$BLK

BlackRock (\$BLK), founded in 1988, operates as a global asset management firm. It provides investment management, risk management, and advisory services to clients worldwide, offering products such as mutual funds, ETFs, and alternative investments. The company operates across segments such as asset management, technology services, and advisory services in over 30 countries. BlackRock is unique for its scale as the world's largest asset manager and for integrating technology deeply into its investment solutions. BlackRock's main goal is to help clients build better financial futures while advancing sustainable investing and long-term value creation.

## Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities.

**Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

# Appendix

BlackRock

Discounted Cash Flow

Active Case: 2 Base

Current Share Price \$1,088.75

DCF Analysis (\$mm)											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/2025	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Stub						0.52	1.52	2.52	3.52	4.52	5.52
Discount Period						0.24	0.98	1.98	2.98	3.98	4.98
Revenue	20,407,000	17,859,000	17,873,000	19,374,000	16,205,000	17,425,000	18,755,250	20,348,684	22,255,112	24,536,873	27,272,135
Revenue Growth	0%	-12%	0%	8%	-16%	8%	8%	8%	9%	10%	11%
Asset Management	18,580,000	16,215,000	16,346,000	17,924,000	14,874,000	16,000,000	17,280,000	18,813,600	20,647,926	22,841,768	25,468,571
Technology Services	1,603,000	1,485,000	1,364,000	1,281,000	1,139,000	1,200,000	1,212,000	1,224,120	1,236,361	1,248,725	1,261,212
Advisory and Other	224,000	159,000	163,000	169,000	192,000	225,000	263,250	310,964	370,825	446,380	542,352
EBIT	7,574,000	6,275,000	6,385,000	7,450,000	5,695,000	6,000,000	6,948,323	7,681,008	8,561,499	9,621,409	10,900,659
EBIT Margin	37%	35%	36%	38%	35%	34%	37%	38%	38%	39%	40%
Tax Expense	1,783,000	1,479,000	1,296,000	1,968,000	1,238,000	1,300,000	1,737,081	1,920,252	2,140,375	2,405,352	2,725,165
Effective Tax Rate	24%	24%	20%	26%	22%	22%	25%	25%	25%	25%	25%
NOPAT	5,791,000.00	4,796,000.00	5,089,000.00	5,482,000.00	4,457,000.00	4,700,000.00	5,211,241.88	5,760,755.96	6,421,124.55	7,216,056.92	8,175,494.14
D&A	529,000	427,000	418,000	415,000	358,000	400,000	431,923	479,744	537,192	606,365	689,915
Capex	(255,000)	(344,000)	(533,000)	(341,000)	(194,000)	(250,000)	(268,543)	(290,398)	(316,720)	(348,351)	(386,352)
Changes in NWC	176,000	(346,000)	(897,000)	658,000	169,000	200,000	215,961	232,217	251,809	275,339	303,563
UFCF	6,399,000	5,913,000	6,937,000	5,580,000	4,840,000	5,150,000	5,695,747	6,298,682	7,023,227	7,895,434	8,948,199
PV of FCF						5,033,080	5,184,209	5,206,418	5,272,099	5,382,454	5,539,843

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.60%
Beta	1.39
Risk Free Rate	4.39%
Cost of Equity	9.85%
Weighted Average Cost of Debt	4.00%
Tax Rate	25.00%
Cost of Debt	0.26%
Total Equity	\$162,330
Total Debt	\$7,552
Equity/Total Capitalization	91.36%
Debt/Total Capitalization	8.64%
WACC	10.11%

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$8,948,199
Growth	3.00%
Terminal Value	\$125,783,005
PV of Terminal Value	\$77,872,433
PV of Projection Period	\$31,618,102
PV of Terminal Value	\$77,872,433
Implied TEV	\$109,490,536
(-) Debt	\$12,314,000
(+) Cash	\$12,762,000
Implied Equity Value	\$109,938,536
Basic Shares Outstanding	155,000
Implied Share Price	\$709.28
Upside/Downside	-34.85%

Implied Exit BF EV/EBIT 10.0x

Terminal Value	
Exit Multiple Method	
2034 EBIT	\$10,900,659
EV/EBIT Exit Multiple	21.5x
Terminal Value	\$234,364,165
PV of Terminal Value	\$145,095,181
PV of Projection Period	\$31,618,102
PV of Terminal Value	\$145,095,181
Implied TEV	\$176,713,283
(-) Debt	\$12,314,000
(+) Cash	\$12,762,000
Implied Equity Value	\$177,161,283
Diluted Shares Outstanding	155,000
Implied Share Price	\$1,142.98
Upside/Downside	5.0%

Implied PGR 3.7%

Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$1,142.98
Upside/Downside	4.98%