

Here are 9 fascinating facts to know about BlackRock, the world's largest asset manager

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BlackRock Chief Executive Larry Fink. AP

BlackRock, the world's largest investment manager, has become an increasingly influential Wall Street player in Washington, DC. The firm has hired notable policy-makers over the years, and at least three leaders with the New York-based asset manager on their resumes now hold prominent roles in President Joe Biden's cabinet.

Former BlackRock investment executive Brian Deese leads Biden's National Economic Council, effectively serving as his top advisor on economic matters. Biden also tapped Adewale "Wally" Adeyemo, a former chief of staff to BlackRock chief executive and longtime Democrat Larry Fink, to serve as a top official at the Treasury Department.

Meanwhile Michael Pyle, BlackRock's former global chief investment strategist who had worked in the Obama administration before joining the firm, serves as chief economic advisor to Vice President Kamala Harris.

But unlike Goldman Sachs, a household brand name synonymous with executives leaving finance to go shape public policy, BlackRock isn't as well-known to people outside the investment industry.

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Here's a rundown of fast facts to know about the firm.

1. BlackRock oversees \$10 trillion, making it the largest money manager in the world.

As of December 2021, BlackRock manages a staggering \$10 trillion of other people's money. That's more than the gross domestic product of every country in the world, except for the US and China.

For its largesse in investment management, it's a new firm by Wall Street institution standards. BlackRock was founded in 1988 by Fink, who also serves as the chairman, and seven others, including BlackRock President Robert Kapito and senior advisor Barbara Novick.

BlackRock's makes most of its money handling investments for outside clients, mostly institutions like public pension plans, endowments, and foundations.

Nearly 60% of its overall assets under management are for institutional investors, most of which are products linked to stock markets. It also has a sprawling alternative investments business that oversaw some \$265 billion in assets under management as of December, managing products across private equity, private credit, and hedge funds.

2. It runs a massive technology platform that oversees at least \$21.6 trillion in assets.

In 1999, BlackRock started selling Aladdin, which analyses and tracks investors' portfolios and can help professional money managers spot risks. Today, it is a juggernaut widely used in the money management industry and beyond.

One of the definitive descriptions of Aladdin and all its connections, a February 2020 report in the Financial Times, detailed its sheer scale:

"Vanguard and State Street Global Advisors, the largest fund managers after BlackRock, are users, as are half the top 10 insurers by assets, as well as Japan's \$1.5tn government pension fund, the world's largest. Apple, Microsoft, and Google's parent firm, Alphabet — the three biggest US public companies — all rely on the system to steward hundreds of billions of dollars in their corporate treasury investment portfolios."

The report found some \$21.6 trillion in assets sat on the platform from just a third of its 240 clients, the FT reported, citing public documents verified with the companies and first-hand accounts. Firms try to replicate it as a product, but none have been able to do so at the same scale.

3. BlackRock has hired many former government officials into senior roles.

By the time Deese and Adeyemo got to BlackRock, they already had experience working in government. Deese was previously a senior advisor to President Barack Obama and served as deputy director of the National Economic Council, which he is now set to lead under Biden.

Adeyemo, who was appointed as deputy Treasury secretary in the Biden administration, had previously worked as Obama's senior international economics advisor. While at BlackRock, one of his roles was Fink's interim chief of staff.

Pyle, who has worked as BlackRock's global chief investment strategist, had also previously worked in Obama's administration by the time he started at the asset manager.

He was a special assistant to the president on economic policy matters and also worked in the Treasury Department and the Office of Management and Budget.

Thomas Donilon, who is now chairman of the asset manager's research arm, previously served as national security advisor to Obama. (Donilon's brother, Mike, was Biden's chief strategist during his presidential campaign).

BlackRock has hired other former policy-makers and regulators. Dalia Blass, a longtime former Securities and Exchange Commission official who most recently ran the SEC's investment management division, joined the firm this week to lead external affairs.

Blass now oversees the firm's global public policy group and social impact and corporate sustainability teams, along with a new group formed to research stakeholder capitalism, according to BlackRock.

Coryann Stefansson, who previously worked on bank supervision matters at the Federal Reserve Board and held senior positions at the Federal Reserve Bank of New York, joined

BlackRock's Financial Markets Advisory (FMA) unit in 2016. She left in 2019, according to LinkedIn.

4. The firm played a significant role in aiding the Federal Reserve in early 2020.

The FMA unit, which is effectively BlackRock's consulting arm, separate from its investment management operations, had a significant role to play in the US government's coronavirus pandemic response.

In March 2020, the Federal Reserve picked FMA to handle an emergency asset-purchasing program. There was no process where other asset managers could have bid for the job, according to a Wall Street Journal report.

After an analyst said on an April earnings call that investors viewed BlackRock's mandate as a "bailout" for his firm or the exchange-traded fund industry broadly, Fink called the question "insulting."

5. The Federal Reserve tapped BlackRock during the last financial crisis, too.

The investment manager had been there before, defending its connection to the Federal Reserve. During the global financial crisis of 2007-2009, the Federal Reserve Bank of New York asked BlackRock's FMA division to handle assets of Bear Stearns and AIG, both on the verge of collapsing.

"They have access to information when the Federal Reserve will try to sell securities, and what price they will accept. And they have intricate financial relations with people across the globe," Republican Senator Chuck Grassley told the New York Times at the time. "The potential for a conflict of interest is great and it is just very difficult to police."

BlackRock has emphasized that the division handling Fed mandates, the FMA, is distinct from its core money management business to prevent conflicts.

6. Fink has been vocal on matters of climate change, urging other companies' leaders to consider the associated risks.

"Climate change has become a defining factor in companies' long-term prospects," he wrote in his open letter to chief executives in January.

"Disclosure should be a means to achieving a more sustainable and inclusive capitalism. Companies must be deliberate and committed to embracing purpose and serving all stakeholders — your shareholders, customers, employees, and the communities where you operate," he said.

The firm rolled out related initiatives, like exiting investments that carry sustainability-related risks and launching new products that screen for exposure to fossil fuels.

7. But his firm has been scrutinized for its record on supporting shareholder requests for climate-related disclosures.

Morningstar, a firm that analyzes fund information, said in a September 2020 report that it found support for those type of requests rose at Fidelity, State Street Global Advisors, and Vanguard — but fell at BlackRock compared to the year prior.

"While 2020's results mark a higher level of support than BlackRock had given such proposals from 2016 through 2018 — when its backing never made it to double digits — the 2020 level of 'for' votes was down to 14% from 25% in 2019," analysts wrote of the 14 climate-related resolutions shareholders requested last year.

But BlackRock has wielded its power as a major shareholder more aggressively. As the second-largest institutional investor in oil giant Exxon, BlackRock made a splash in 2021 when it voted in support of three new directors supported by investment firm Engine No. 1 over Exxon's approach to addressing climate change.

8. It has long been rumored that Fink himself could head to DC.

Fink was reportedly under consideration by 2016 presidential candidate Hillary Clinton to run the Treasury Department. He was also rumored to be under consideration for Biden's administration.

But he has squashed that chatter. In 2020, private equity founder David Rubenstein asked Fink during Bloomberg's virtual New Economy Forum how he would respond to a request from Biden to serve in his cabinet.

"Thank you for that honor, but I'm very happy at BlackRock. I've committed to my employees and to my board and to my family already. I'm staying in New York for the time being," he said, according to a transcript of the event.

9. BlackRock has made lots of acquisitions.

Think of BlackRock as a firm that has gobbled up lots of competitors in its path over the years. The firm has purchased legacy businesses and fintech startups, looking to keep an edge as traditional money management isn't as profitable or unique as it once was.

In 2020, the firm said it would acquire a California-based investment provider called Aperio for approximately \$1 billion in cash. In 2019, BlackRock acquired eFront, a French startup that runs alternative investments management software, for \$1.3 billion.

In 2009, BlackRock acquired Barclays Global Investors in a deal that included Barclays' iShares ETF business. Three years before that, the firm acquired Merrill Lynch Investment Management.

<https://www.businessinsider.com/what-to-know-about-blackrock-larry-fink-biden-cabinet-facts-2020-12>