THIS DOCUMENT IS MARKETING MATERIAL

iShares Outlook

Three themes for summer 2026

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Updates to our investment outlook are underpinned by two key principles. Firstly, investing is all about the long term, so we try to identify opportunities that we think can stand the test of time. Secondly, we need to stay alert to opportunities and risks that might develop and adapt our outlook accordingly. Below, we outline how our existing investment themes have evolved and introduce some new ideas to position portfolios for today's markets.

In the first half of 2026, investors have navigated geopolitical headlines, energy price volatility and shifting interest rate expectations from major central banks, while resilient corporate earnings have helped support markets. Against this backdrop, we see potential long-term growth opportunities linked to the AI theme: semiconductors sit at the heart of AI development, while infrastructure offers exposure to the ongoing buildout needed to support its growth. Separately, global high dividend stocks may provide income opportunities and help add resilience to portfolios during uncertain market conditions.

Natasha Sarkaria, CAIA

Investment Strategy, BlackRock Global Product Solutions

Our investment themes for summer 2026:

1. Leaning into semiconductors for long term growth

Semiconductors offer direct exposure to the AI theme. With demand rising, we think a global approach to semiconductor investments can help capture potential opportunities across regions and different parts of the semiconductor value chain.

2. Infrastructure for diversification

As AI adoption grows, so does demand for data centres, power and energy infrastructure. We view infrastructure investments as a complementary way to access the AI theme while adding diversification, as returns are often driven by different factors than broad stock markets.

3. Income through active high dividend strategies

We favour active ETFs for global dividend stock exposures, helping investors potentially access attractive income levels through a professionally-managed fund that can adapt its holdings as market conditions change.

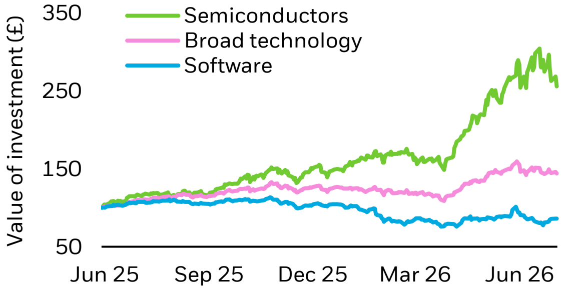
1. Leaning into semiconductors for long term growth

Due to their tendency to invest more heavily in local markets, European investors are estimated to be 13% less exposed to the AI and digital disruption theme than the MSCI All Country World Index (MSCI ACWI)[1] – a common benchmark for global developed and emerging market stocks. A global semiconductor allocation could therefore help reduce that gap, while diversifying technology allocations across geographies.

Semiconductors have powered decades of technological progress by processing, storing and transmitting data at vast scale. They're also among the world's most important traded goods, behind only crude oil, refined oil and cars.[2] The opportunity is global: the US and Europe lead in design and advanced equipment; while many of the leaders in semiconductor manufacturing, assembly, packaging and testing, as well as memory and production technologies, are based in Asia. Semiconductors could become a trillion-dollar global industry by 2030.[3] Despite strong performance in 2025 and recent volatility in 2026,[4] we believe the potential opportunity remains compelling for longer-term investors. **Past performance is not a reliable indicator of current or future results.**

1 Source: BlackRock Investment and Portfolio Solutions EMEA, BlackRock Aladdin, Morningstar, as of 28 February 2026. Portfolio allocations based on a sample of 155 European-domiciled medium-risk multi-asset portfolios. **2** Source: McKinsey, as of April 2022. **3** Source: BCG, Strengthening the Global Semiconductor Supply Chain in an Uncertain Era, as of April 2021. **4** Sources: Bloomberg, as of 30 June 2026. Please see page 3 for historical data.

Chart 1: Returns have become more spread out in tech
Value of £100 invested across semiconductors, broad technology and software, from June 2023 – July 2026



Source: Bloomberg, as of 7 July 2026. **Past performance is not a reliable indicator of current or future results.** Semiconductors, broad technology, and software are represented by the PHLX Semiconductor Sector, S&P Information Technology Sector, and S&P 500 Software & Services Industry Group indices, respectively.

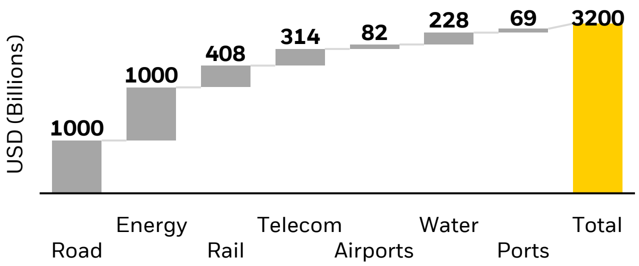
2. Infrastructure for diversification

Infrastructure can offer investors a differentiated way to access the AI theme: not by investing in the technology itself, but in the physical systems needed to power, connect and scale the digital economy.

AI requires significant real-world infrastructure, including data centres, electricity grids, power generation, energy storage and telecommunications networks. As AI adoption grows, these assets become increasingly important. For example, data centres already account for around 5% of US electricity demand, and this could rise to around 12% by 2030, creating a multi-year tailwind for power and energy infrastructure.[5]

Infrastructure can also bring useful portfolio characteristics. Many assets provide essential services, such as utilities, energy, transport and communications, which can support long-term demand and relatively resilient cash flows. The asset class can also improve diversification as infrastructure returns are often driven by different factors than broad stock markets – including regulation, long-term contracts, inflation-linked revenues and demand for essential services.

Chart 2: Global infrastructure spend could hit $3.2T
Spending estimates per subsegment by 2040



Source: World Bank, as of 2025. For illustrative purposes.

3. Income through active high dividend strategies

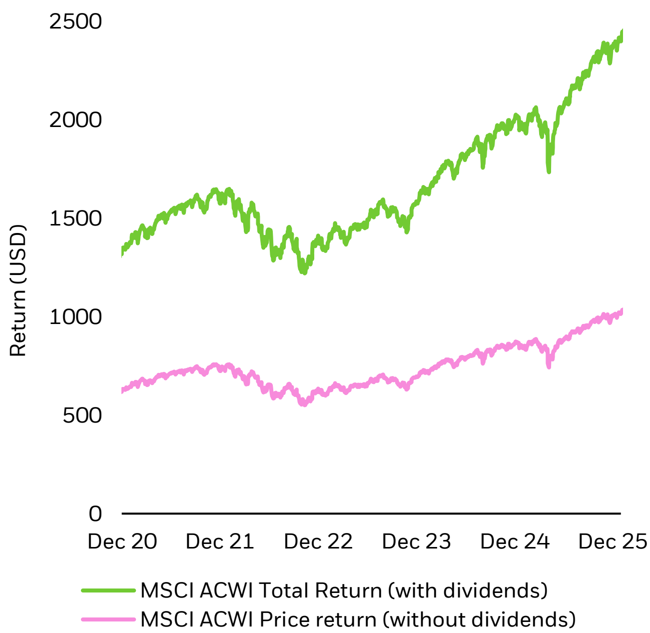
As we've highlighted in previous outlooks, income isn't only a bond story. Stocks can also provide income through dividends – regular payments companies make to shareholders from their profits.

Over the past five years, dividends have contributed over 40% of global stock market returns,[6] highlighting their role in long-term outcomes. Income-focused stock strategies can help investors receive regular payments while still participating in potential share price growth. However, the largest dividend payments aren't always the strongest opportunity; they can sometimes signal company stress or an unsustainable payout.

That's why we favour an active approach to income opportunities in global stocks. Professional managers can select and adjust holdings with a specific income objective in mind. Active exchange-traded funds (ETFs) can provide an efficient way to access this. They trade on stock exchanges like traditional ETFs, but their holdings are chosen and managed actively. This gives investors the convenience of an ETF, with the flexibility to adapt as market conditions change.

Looking globally can broaden the income opportunity set, helping investors diversify across regions and sectors while giving active managers more ways to try to find durable dividend sources.

Chart 3: Dividends drove +40% of global stock returns
MSCI ACWI total returns versus price returns, 2020-2025



Past performance is not a reliable indicator of current or future results. Source: BlackRock, as of 7 June 2026. The chart shows the MSCI ACWI with and without dividends reinvested. The gap between the two lines highlights dividends' contribution to global stock returns.

References to specific investments are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such investments.

5 Source: 'How data centres and the energy sector can sate AI's hunger for power', McKinsey, September 2024. **6** Source: Bloomberg, comparing the MSCI ACWI total returns versus price returns, as of 31 December 2025.

Performance of stock market indices referenced in this document, 2021–2026 YTD

	2021	2022	2023	2024	2025	2026 YTD
Semiconductors (SOX Total Return Index)	42.34%	-35.14%	66.43%	20.07%	43.13%	75.84%
Broad technology (S&P Information Technology Sector Total Return Index)	34.17%	-28.41%	57.41%	36.33%	23.82%	15.41%
Software stocks (S&P 500 Software & Services Industry Group Total Return Index)	27.38%	-26.32%	50.66%	15.70%	10.51%	-16.25%
Global stocks (MSCI ACWI Net Total Return)	21.82%	-18.14%	23.79%	18.67%	21.09%	10.11%
Global stocks (MSCI ACWI Price Return Index)	18.54%	-18.36%	22.20%	17.49%	22.34%	11.36%

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: Bloomberg, as of 30 June 2026.

Risk Warnings

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

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