

iSHARES S&P 500 SWAP UCITS ETF

iShares®
by BlackRock

iShares swap-backed equity ETF

iShares offers investors the choice

Empowering our clients: iShares offers investors the choice between physical S&P 500 ETFs and a swap-backed S&P 500 ETF.

I500

iShares S&P 500 Swap UCITS ETF (I500)

CSPX

iShares S&P 500 Core UCITS ETF Acc
AUM: US\$39bn

IUSA

iShares S&P 500 Core UCITS ETF Dist
AUM: US\$11bn

iShares also offers **currency hedged S&P 500 share classes** (EUR, GBP, MXN) with AUM of US\$6bn.

iShares S&P 500 Swap UCITS ETF

I500

TER: **0.07%**

Benchmark: **S&P 500 Index**

Domicile: **Ireland**

Replication: **Swap-backed**

Inception Date: **28 September 2020**

ISIN: **IE00BMTX1Y45**

Base currency: **USD**

Primary ticker: **I500**

Use of income: **Accumulating**

Not all swap-backed ETFs are created equal

Every swap model is different and investors need to be informed of the key drivers of performance and risk when investing in a swap-backed ETF.



PERFORMANCE

Multi-swap model ensuring a competitive execution on swap pricing



RISK CONTROL

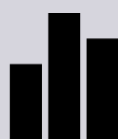
Seek to control risk through robust product structure and processes



TRANSPARENCY

Embed transparency throughout the operating model

Why iShares for a swap-backed S&P 500 exposure?



Performance

TER: 0.07%



Platform

Employ the scale of BlackRock's global swap platform, fiduciary approach and Aladdin risk management systems

I500

Performance is at the centre

There are many different ways to replicate S&P 500 and each have their own considerations. The **iShares S&P 500 Swap UCITS ETF** offers an extremely competitive advantage vs. other beta instruments with **lower expected tracking difference**. As graph 1 below shows, this is predominantly driven by a lower Withholding tax (WHT) drag on performance.

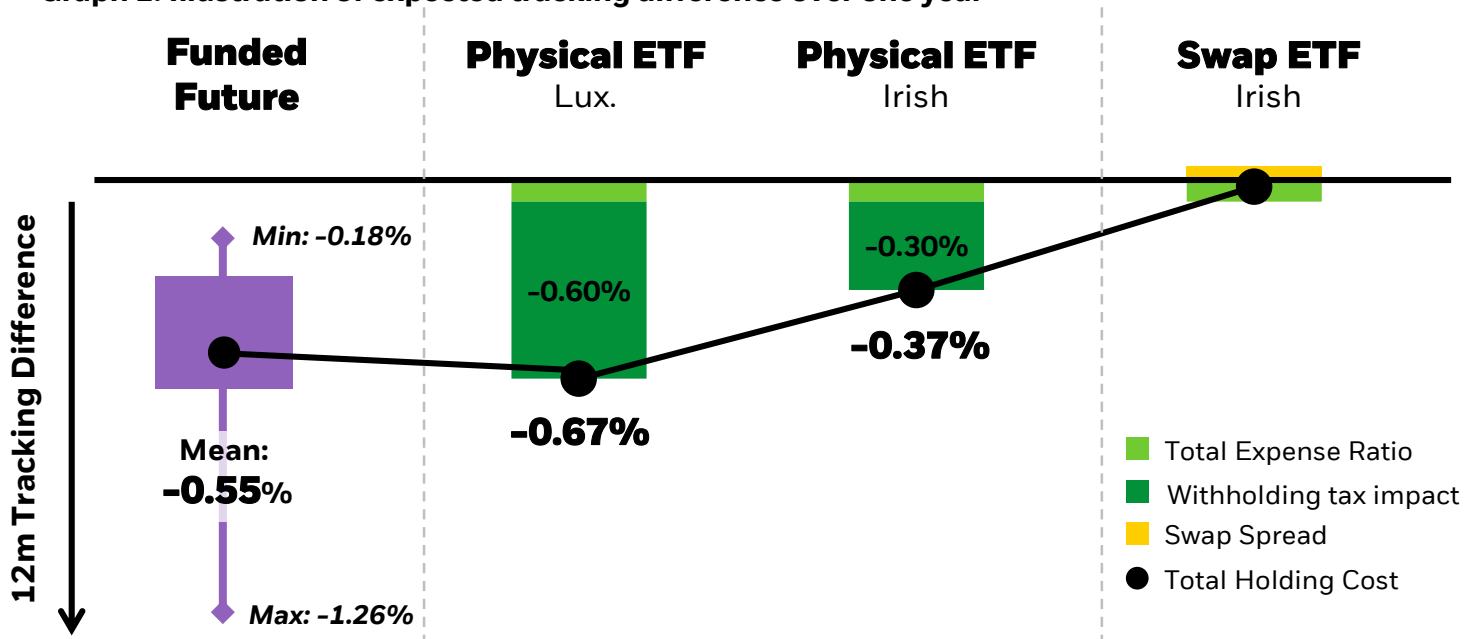
Spotlight on WHT

Swap counterparties find value in swap balances on certain exposures resulting in a positive swap spread:

- Typically physical ETFs domiciled in Luxembourg pay WHT based on the WTOs¹ base rate for non-US investors of 30%. iShares S&P 500 physical ETFs are domiciled in Ireland, therefore only pay 15% WHT
- iShares S&P 500 Swap UCITS ETF pays 0% WHT on dividends as the substitute basket of the fund is restricted to non-dividend paying stocks**

For illustrative purposes only. ¹WTO = World Trade Organisation

Graph 1: Illustration of expected tracking difference over one year



There is no guarantee that any forecasts made will come to pass.

Source: BlackRock, as of 31 July 2020; Lux = Luxembourg domiciled ETF, Irish = Ireland domiciled ETF. For illustrative purposes only.

iShares controls risk through quality, value & ownership

Control Quality

Multi-swap counterparty model ensures best execution & mitigates against credit events

Conservative rules: A predefined universe and liquidity constraints will maintain the quality of the substitute basket

Robust processes: Utilise the scale of BlackRock's global swap platform to mitigate operating risk

Maintain Value

Resets: A weekly reset policy is used to minimise operating risk and frictional cost. Ad-hoc resets will be triggered in volatile markets

Margin: Margin will be posted on a daily basis (cash or cash equivalents will be accepted) and a haircut applied to any pledged equities

Direct Ownership

Title ownership rather than a pledge: The substitute basket will **always** retain title ownership over all stocks in the substitute basket to avoid any delays around capital being returned to investors in the event of a default or credit event

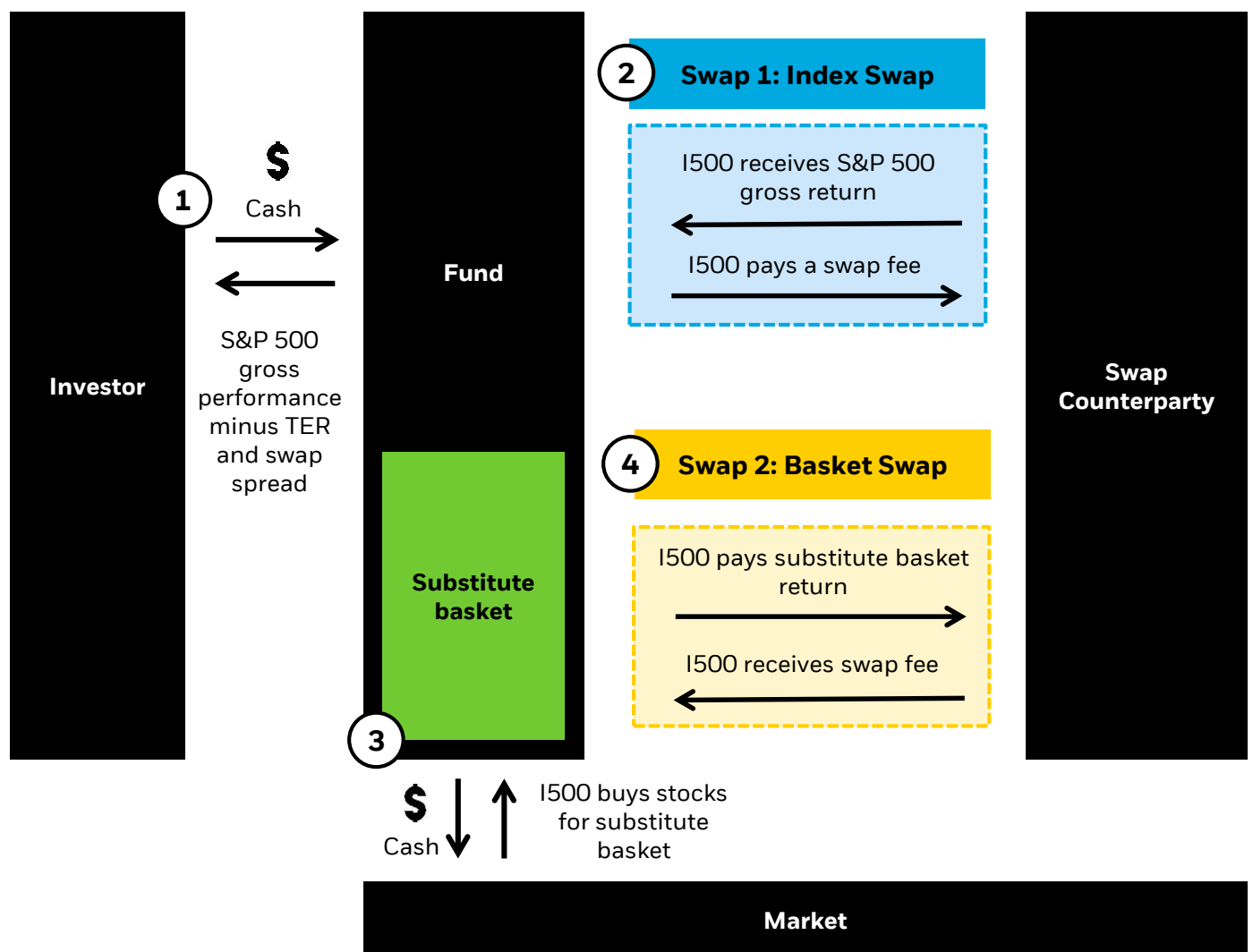
How does I500 work?

iShares S&P 500 swap UCITS ETF (I500) seeks to achieve the performance of the S&P 500 via a swap and retains a different basket of stocks in the fund as security.

There are four key steps to consider when an investor buys shares in I500:

- ① Investors use cash to buy shares in the fund
- ② The fund enters into a swap to seek to replicate the performance of S&P 500
- ③ The fund buys a basket of stocks which are owned by the fund
- ④ The fund enters into a second swap and returns the performance of these stocks while retaining ownership of the stocks which acts as security in case of a credit event

Graph 2: iShares S&P 500 Swap UCITS ETF (I500) mechanics



Source: Blackrock, as of 31 August 2020. For illustrative purposes only.

Want to know more?

[iShares.com](https://www.ishares.com)

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.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. The data displayed provides summary information. Investment should be made on the basis of the relevant Prospectus which is available from the manager.

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Product Risks

iShares Core S&P 500 UCITS ETF USD (Acc)

Counterparty Risk, Equity Risk

iShares Core S&P 500 UCITS ETF USD (Dist)

Counterparty Risk, Equity Risk

iShares S&P 500 Swap UCITS ETF USD (Acc)

Counterparty Risk, Currency Risk, Derivatives Risk, Equity Risk, Commodity Swaps Risk

Description of Product Risks

Counterparty Risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk

The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Currency Risk

The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.

Derivatives Risk

Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.

Commodity Swaps Risk

The prices of commodities tend to experience greater variations than other asset classes (e.g. equities or fixed income securities). Investments in commodities are therefore potentially riskier than other types of investments.

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The funds mentioned in this document are registered for public offer in Austria. The Sales Prospectuses for the Companies, Key Investor Information Document and other documents as well as the annual and semi-annual reports have been published in Austria and are available free of charge from UniCredit Bank AG Vienna Branch, Julius Tandler Platz 3, 1090 Vienna, Austria, the Austrian paying and information agent and are also available on the website www.ishares.at. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. The Companies intend to fulfil the requirements for treatment of all of their sub-funds as reporting funds. Therefore the Companies have an Austrian tax representative who calculates the Austrian Deemed Distributed Income figures once a year and files an electronic tax return with the Austrian Control Bank. However, it cannot be guaranteed that the requirements will be met in the future. The Companies reserve the right to give up the reporting fund status and to not undertake such tax filings.

For investors in Denmark

This document is directed at Professional Investors in Denmark only and the Funds are authorised by Finanstilsynet, the Danish Financial Supervisory Authority. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts and the Danish country supplements. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Copies of all documentation can be obtained free of charge from offices of the paying agent at BlackRock (Netherlands) BV, Copenhagen Branch, Harbour House, Sundkrogsvej 21, 2100 København Ø, Denmark. This document is strictly confidential and may not be distributed without authorisation from BlackRock.

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For investors in France

Any subscription for shares in a sub-fund of one of the companies will be carried out according to the conditions specified in the full Prospectus, Key Investor Information Document, the French Addendum and in the Supplements of Companies as the case may be. These documents can be obtained by contacting the paying agent of the Company: BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris, tel: 00 33 1 42 98 10 00 or by visiting the French part of the site www.iShares.eu. The companies are undertakings for collective investment in transferable securities (UCITS) governed by foreign laws and approved by the Financial Regulator in the home state as a UCITS complying with European regulations. The European Directive 2009/65/EC of July 13, 2009 on UCITS, as amended, establishes common rules in order to allow the cross-border marketing of UCITS which comply with it. This common foundation did not prohibit different methods of implementation. This is why a European UCITS may be marketed in France even though the activity of such scheme would not respect rules identical to those which govern the approval of this type of product in France. This sub fund has been authorized for marketing in France by the Autorité des Marchés Financiers. Please note that the distribution of shares of some sub funds of funds is not allowed in France. This document does not constitute an offer or a solicitation in relation to the shares of the funds.

For investors in Germany

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For investors in Italy

Any application for shares in the funds is on the terms of the Prospectus for the Companies. The Shares of certain sub-funds in the Companies have been admitted to listing in Italy and are currently listed on the Mercato Telematico Fondi of Borsa Italiana S.p.A. The list of the sub-funds listed in Italy, the Prospectus, of the Companies, the Documento di quotazione of the iShares funds, the latest annual and semi annual report of the Companies are published (i) on the Companies' internet website at the address www.iShares.com (ii) on Borsa Italiana S.p.A's website at the address www.borsaitalia.it. These documents are available for the public in Italian version with certification that such documents are a faithful translation of the original documents.

Investors are entitled to receive free of charge, even at home, a copy of the above documents, upon written request forwarded to the Companies. For comprehensive information on the expenses charged to a fund and fees applicable to investors, see the Documento di quotazione and the Prospectus. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Further information about the Fund and the Share Class, such as details of the key underlying investments of the Share Class and share prices, is available on the iShares website at www.ishares.com or by calling +44 (0)845 357 7000 or from your broker or financial adviser. The indicative intra-day net asset value of the Share Class is available at <http://deutsche-boerse.com> and/or <http://www.reuters.com>. Investors who are not Authorised Participants must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so. In addition, as the market price at which the Shares are traded on the secondary market may differ from the Net Asset Value per Share, investors may pay more than the then current Net Asset Value per Share when buying shares and may receive less than the current Net Asset Value per Share when selling them.

For investors in Luxembourg

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For investors in Norway

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