

Know what you own

BlackRock®

Core bonds

Morningstar split the core bond universe: In 2019, Morningstar split the \$1.4 trillion Intermediate Term Bond Category to better align mutual fund holdings and ETFs with appropriate benchmarks.

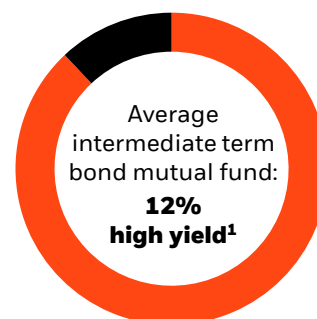
The problem: benchmark mismatch

Many bond funds in the Morningstar Intermediate Term Bond Category were straying from the benchmark by adding exposure to high yield, giving up equity diversification for higher return potential.



Morningstar Intermediate Term Bond Category

Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index



The solution: category splits in two

NEW

Morningstar Intermediate Core Bond Category

Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index



-0.05

Benchmark correlation to S&P 500²

+0.03

<5%

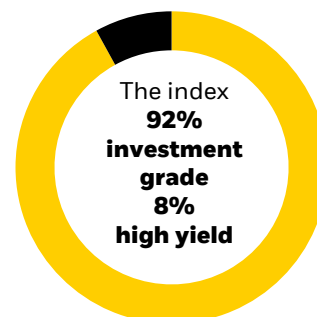
High yield allocation in category funds²

>5%

NEW

Morningstar Intermediate Core Plus Bond Category

Benchmark: Bloomberg Barclays U.S. Universal Bond Index



¹ Source: Morningstar. US Universal Bond Index credit quality as of 9/30/20. Intermediate-Term Bond credit quality uses the 5 year average ending 9/30/20. ² (Correlation) Source: Morningstar based on 5yr correlation; (High Yield Allocation) Source: Morningstar.

Ways to get started

Core bond funds

AGG
0.04%

Index

iShares Core U.S. Aggregate Bond ETF

Correlation to S&P 500: -0.02

Outperformed 60% of Morningstar Core Bond Funds over 5 years³

BFMCX
0.49%*

Alpha

BlackRock Core Bond Fund

Correlation to S&P 500: 0.23

Outperformed 72% of Morningstar Core Bond Funds over 5 years³

Core plus bond funds

IUSB
0.06%*

Index

iShares Core Total USD Bond Market

Correlation to S&P 500: 0.19

Outperformed 52% of Morningstar Core Plus Bond Funds over 5 years³

MAHGX
0.51%*

Alpha

BlackRock Total Return Bond Fund

Correlation to S&P 500: 0.30

Outperformed 58% of Morningstar Core Plus Bond Funds over 5 years³ with lower correlation to US Stocks⁴

* Expense ratios are shown below ticker symbols. Contractual fee waivers are in effect for IUSB, BFMCX and MAHGX through 2/29/24, 1/31/21, 1/31/21 respectively. Gross expenses for these funds are 0.07%, 0.58%, 0.54% respectively. Correlation to S&P 500 is over the 5 year time period.

Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing. Investing involves risk, including possible loss of principal.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. ³ Source: Morningstar. As of 9/30/2020.

Rankings are based on total return excluding sales charges, independently calculated and not combined to create an overall ranking. iShares Core U.S. Aggregate Bond ETF was ranked 1yr, 47/417; 3yr, 32/380; 5yr, 40/335. BlackRock Core Bond Fund was ranked 1yr, 117/417; 3yr, 80/380; 5yr, 104/335; 10yr, 67/255. iShares Core Total USD Bond Market was ranked 1 yr, 52/605; 3 yr 41/537; 5yr 48/459. BlackRock Total Return Bond Fund was ranked 1yr, 174/605; 3yr, 167/537; 5yr, 186/459; 10yr, 53/341. 5 year correlation to the S&P 500 for the Core Plus Category is 0.37.

Past performance does not guarantee future results. Comparison universe is ETFs and mutual funds within the fund's Morningstar category and based on total return. Excludes sales charge.

This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This material is strictly for illustrative, educational, or informational purposes and is subject to change.

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