

GETTING STARTED WITH BOND ETFs

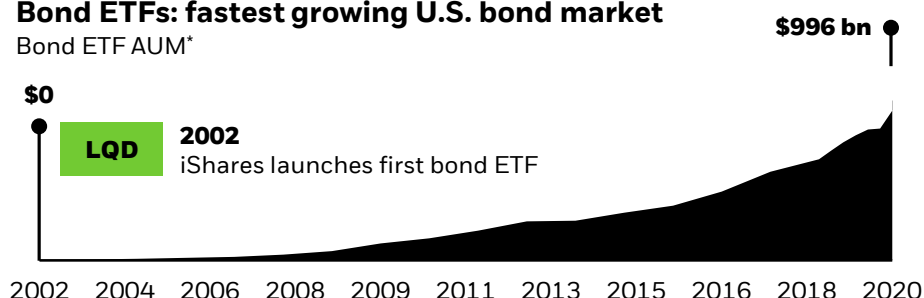
iShares
by BlackRock

SAME POTENTIAL BENEFITS, DIFFERENT ASSET CLASS

Exchange traded funds (“ETFs”) first appealed to equity investors, as they provided transparency and liquidity through exchange trading. Investors increasingly recognize that the potential three benefits of ETFs—**competitive performance, low cost and liquidity**—apply to bonds just as they do to equities.

Bond ETFs: fastest growing U.S. bond market

Bond ETF AUM*



1. COMPETITIVE PERFORMANCE

iShares bonds ETFs have outperformed a majority of their peers over the last year.[†]

2. LOW COST

On average, iShares bond ETFs cost 78% less than active mutual funds.[‡]

3. LIQUIDITY

Bond ETFs trade thousands of times throughout the day on the exchange, while individuals bonds may not trade daily.[§]

What role do bonds play in your portfolio?

Diversify equities

AGG

iShares Core U.S. Aggregate Bond ETF
Expense ratio: 0.04%

IUSB

iShares Core Total USD Bond Market ETF
Expense ratio: 0.06%[#]

LQD

iShares iBoxx \$ Investment Grade Corporate Bond ETF
Expense ratio: 0.14%

Capital preservation

ICSH

iShares Ultra Short-Term Bond ETF (active)
Expense ratio: 0.08%

NEAR

iShares Short Maturity Bond ETF (active)
Expense ratio: 0.25%

ISTB

iShares Core 1-5 Year USD Bond ETF
Expense ratio: 0.06%

Generate income

HYG

iShares iBoxx \$ High Yield Corporate Bond ETF
Expense ratio: 0.49%

EMB

iShares J.P. Morgan USD Emerging Markets Bond ETF
Expense ratio: 0.39%

PFF

iShares Preferred and Income Securities ETF
Expense ratio: 0.46%

^{*} Source: Bloomberg 9/30/20. Universe represented by U.S. fixed income ETF AUM. [†] Source: BlackRock calculation using fund performance rankings from Morningstar, as of 9/30/20. Comparison universe is ETFs and mutual funds in the Morningstar category and uses total return. Overall figure is a weighted average of the percentage of funds that the iShares bond ETFs have outperformed in each Morningstar category, weighted based on the number of funds in the Morningstar category. The funds outperformed 51%, 47% and 44% of peers on a 1, 5 and 10 year basis, respectively. Performance may be different for other time periods. [‡] Source: Morningstar as of 9/30/20. Comparison is between the Prospectus Net Expense Ratio for the average Fixed Income iShares ETF (0.19%) and the average Fixed Income Open-End Mutual Fund (0.69%) available in the U.S. ex money market funds. [§] Source: TRACE and Markit iBoxx from 9/1/2020 to 9/30/20. [#] Net expense ratio for IUSB reflect contractual fee waivers in place until 2/29/24. Gross expense ratio for IUSB is 0.07%.

iShares.com

1. COMPETITIVE PERFORMANCE

Fund percentile ranking

Based on total returns

			1-year	3-year	5-year	10-year	Morningstar category
Diversify from equities	iShares Core U.S. Aggregate Bond ETF	AGG	47%	32%	40%	50%	Intermediate Core Bond
	iShares Core Total USD Bond Market ETF	IUSB	52%	41%	48%	-	Intermediate Core-Plus Bond
	iShares National Muni Bond ETF	MUB	29%	25%	24%	28%	Muni National Intermediate
	iShares iBoxx \$ Investment Grade Corporate Bond ETF	LQD	18%	4%	12%	25%	Corporate Bond
Seek capital preservation	iShares Ultra Short-Term Bond ETF (active)	ICSH	31%	21%	30%	-	Ultrashort Bond
	iShares Short Treasury Bond ETF	SHV	75%	83%	91%	88%	Ultrashort Bond
	iShares Short Maturity Bond ETF (active)	NEAR	59%	42%	42%	-	Ultrashort Bond
	iShares Core 1-5 Year USD Bond ETF	ISTB	21%	14%	20%	-	Short-term Bond
Seek to generate income	iShares iBoxx \$ High Yield Corporate Bond ETF	HYG	63%	40%	38%	52%	High Yield Bond
	iShares J.P. Morgan USD Emerging Markets Bond ETF	EMB	47%	24%	38%	21%	Emerging Markets Bond

Percentile ● 1% – 25% ● 26% – 50% ● 51% – 75% ● 76% – 100%

Source: Morningstar as of 9/30/20. Comparison universe is ETFs and mutual funds within the fund's Morningstar category and based on total return. Total return represents changes to the NAV and accounts for distributions from the funds (excluding any applicable sales charges).

The following shows the number of funds rated against for each year shown for every fund: **iShares Core U.S. Aggregate Bond ETF** rated against 417, 380, 335 and 255 Intermediate Core Bond funds over the 1, 3, 5 and 10-years respectively; **iShares Core Total USD Bond Market ETF** rated against 605, 537 and 459 Intermediate Core-Plus Bond funds over the 1, 3, and 5-years respectively; **iShares National Muni Bond ETF** rated against 284, 240, 218 and 160 Muni National Intermediate funds over the 1, 3, 5 and 10-years respectively; **iShares iBoxx \$ Investment Grade Corporate Bond ETF** rated against 205, 185, 135 and 89 Corporate Bond funds over the 1, 3, 5 and 10-years respectively; **iShares Ultra Short-Term Bond ETF (active)** rated against 209, 168 and 130 Ultrashort Bond funds over the 1, 3 and 5-years respectively; **iShares Short Treasury Bond ETF** rated against 209, 168, 130 and 60 Ultrashort Bond funds over the 1, 3, 5 and 10-years respectively; **iShares Short Maturity Bond ETF (active)** rated against 209, 168 and 130 Ultrashort Bond funds over the 1, 3, and 5-years respectively; **iShares Core 1-5 Year USD Bond ETF** rated against 581, 515 and 459 Short-term Bond funds over the 1, 3, and 5-years respectively; **iShares iBoxx \$ High Yield Corporate Bond ETF** rated against 676, 620, 534 and 350 High Yield Bond funds over the 1, 3, 5 and 10-years respectively; **iShares J.P. Morgan USD Emerging Markets Bond ETF** rated against 276, 239, 187 and 57 Emerging Markets Bond funds over the 1, 3, 5 and 10-years respectively.

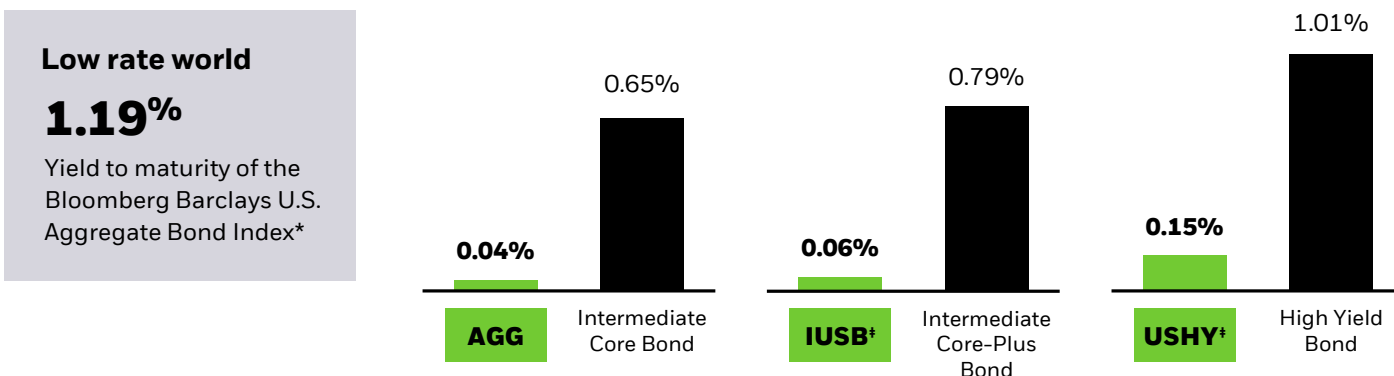
Past performance does not guarantee future results.

2. LOW COST

Don't let high fees eat up your yield, especially now with interest rates near records low.

A cost effective alternative

iShares fund versus their average Morningstar category expense ratio†

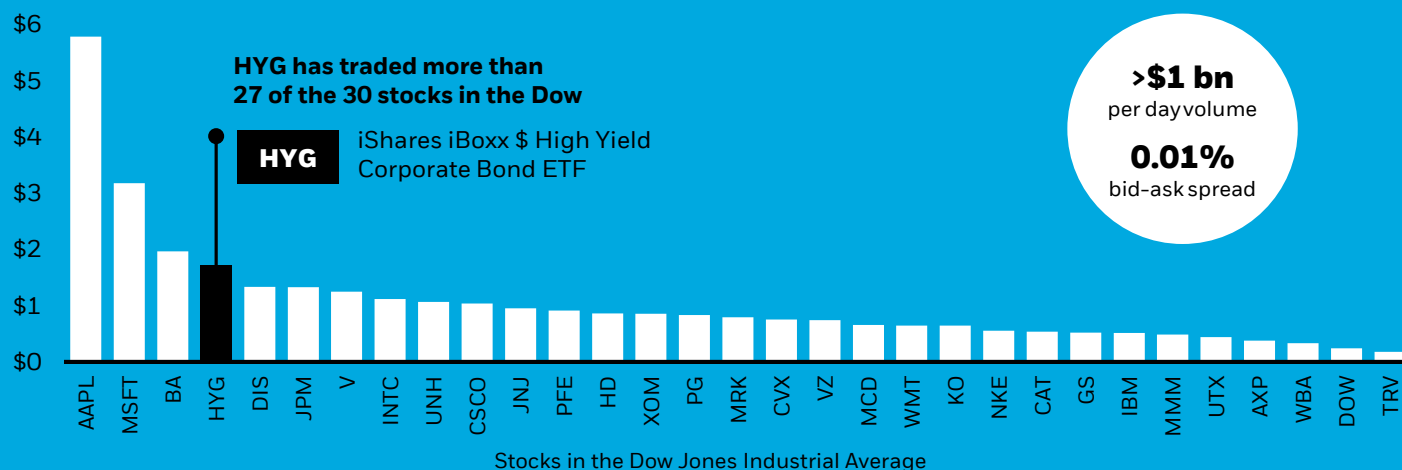


3. LIQUIDITY

The world's largest capital market, U.S. bonds, is finally moving to the transparency and liquidity of exchange trading.

The Dow vs. HYG

Average daily trading volume (\$ bn)§



Trading volumes skyrocketed during the COVID-19 crisis

LQD case study

On March 12, one of the worst days for U.S. stocks, LQD changed hands almost 90,000 times. This is 2,000x greater than its top five corporate bond holdings, which traded only 37 times on average.#

* Source: Morningstar as of 9/30/20. Index performance is for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

† The Morningstar categories span the entire universe of ETFs and mutual funds, inclusive of active and passive, within the respective categories.

‡ Contractual fee waivers are in effect for IUSB and USHY through 2/29/24 and 2/28/21 respectively and gross expenses for the fund is 0.07% and 0.22% respectively.

§ Source: Bloomberg, BlackRock, S&P Dow Jones, as of 12/31/19. Volume based on full year average. HYG spread data as per NYSE Arca, Bloomberg as of 12/31/19.

Source: Bloomberg, as of 3/31/20.

There can be no assurance an active trading market for shares of an ETF will develop or be maintained.

Standardized performance as of 9/30/2020

Fund name	Fund inception date	Gross expense ratio	30 day SEC yield (with/without waiver)	Contractual fee waiver expiration (if applicable)	1-year returns		5-year returns		10-year returns		Since inception	
					NAV	Mkt price	NAV	Mkt price	NAV	Mkt price	NAV	Mkt price
iShares Core U.S. Aggregate Bond ETF	9/22/2003	0.04%	1.21%		6.89%	6.80%	4.11%	4.10%	3.55%	3.52%	4.26%	4.26%
iShares Core Total USD Bond Market ETF	6/10/2014	0.07%	1.53% / 1.52%	2/29/24	6.66%	6.64%	4.43%	4.43%	-	-	4.00%	4.01%
iShares National Muni Bond ETF	9/7/2007	0.07%	1.09%	-	3.67%	3.89%	3.47%	3.52%	3.52%	3.54%	4.03%	4.05%
iShares iBoxx \$ Investment Grade Corporate Bond ETF	7/22/2002	0.14%	2.01%	-	8.87%	8.87%	6.50%	6.48%	5.52%	5.48%	5.91%	5.90%
iShares Ultra Short-Term Bond ETF	12/11/2013	0.08%	0.41%	-	2.11%	2.13%	1.93%	1.92%	-	-	1.51%	1.51%
iShares Short Treasury Bond ETF	1/5/2007	0.15%	-0.02%	-	1.32%	1.31%	1.18%	1.18%	0.61%	0.61%	1.03%	1.03%
iShares Short Maturity Bond ETF	9/25/2013	0.25%	0.64%	-	1.62%	1.60%	1.85%	1.83%	-	-	1.56%	1.55%
iShares Core 1-5 Year USD Bond ETF	10/18/2012	0.06%	1.00%	-	4.60%	4.67%	2.90%	2.86%	-	-	2.17%	2.19%
iShares iBoxx \$ High Yield Corporate Bond ETF	4/4/2007	0.49%	4.72%	-	1.26%	1.21%	5.61%	5.55%	5.39%	5.29%	5.22%	5.18%
iShares Broad USD High Yield Corporate Bond ETF	10/25/2017	0.22%	5.37%	-	2.39%	2.04%	-	-	-	-	3.75%	3.84%

The performance quoted represents past performance of specific funds and does not guarantee future results for such funds. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting www.iShares.com or www.blackrock.com.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Any applicable brokerage commissions will reduce returns. Beginning August 10, 2020, market price returns for BlackRock and iShares ETFs are calculated using the closing price and account for distributions from the fund. Prior to August 10, 2020, market price returns for BlackRock and iShares ETFs were calculated using the midpoint price and accounted for distributions from the fund. The midpoint is the average of the bid/ask prices at 4:00 p.m. ET (when NAV is normally determined for most ETFs). The returns shown do not represent the returns you would receive if you trades shares at other times.

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. 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. Preferred stocks are not necessarily correlated with securities markets generally. Rising interest rates may cause the value of the Fund's investments to decline significantly. Removal of stocks from the index due to maturity, redemption, call features or conversion may cause a decrease in the yield of the index and the Fund. There is no guarantee any fund will pay dividends. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets and in concentrations of single countries. Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes than the general securities market. The iShares Short Maturity Bond ETF will invest in privately issued securities that have not been registered under the Securities Act of 1933 and as a result are subject to legal restrictions on resale. Privately issued securities are not traded on established markets and may be illiquid, difficult to value and subject to wide fluctuations in value. Delay or difficulty in selling such securities may result in a loss to the iShares Short Maturity Bond ETF. The Fund may invest in asset-backed ("ABS") and mortgage-backed securities ("MBS") which are subject to credit, prepayment and extension risk, and react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly reduce the value of certain ABS and MBS. Actively managed funds do not seek to replicate the performance of a specified index. Actively managed funds may have higher portfolio turnover than index funds.

Securities with floating or variable interest rates may decline in value if their coupon rates do not keep pace with comparable market interest rates. The Fund's income may decline when interest rates fall because most of the debt instruments held by the Fund will have floating or variable rates. The strategies discussed are strictly for illustrative and educational purposes and are not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. There is no guarantee that any strategies discussed will be effective. Transactions in shares of ETFs will result in brokerage commissions and will generate tax consequences. All regulated investment companies are obliged to distribute portfolio gains to shareholders. Diversification and asset allocation may not protect against market risk or loss of principal. The Funds are distributed by BlackRock Investments, LLC (together with its affiliates, "BlackRock"). The iShares Funds are not sponsored, endorsed, issued, sold or promoted by JPMorgan Chase & Co., Bloomberg Barclays, Inc or Markit Indices Limited. Neither of these companies make any representation regarding the advisability of investing in the Funds. BlackRock is not affiliated with these companies.

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Lit No. IS-FI-START-0920

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