

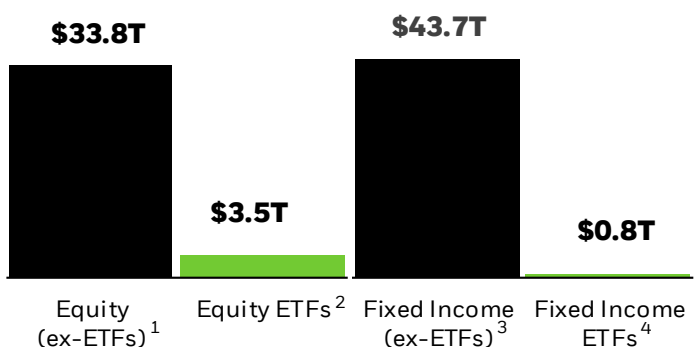
iSHARES INVESTIGATES: ETF MARKET MATTERS

Fast facts from the fourth quarter of 2019

ETF Market Size

Even within the United States – the largest ETF market – ETFs are only a **fraction** of the total financial market.

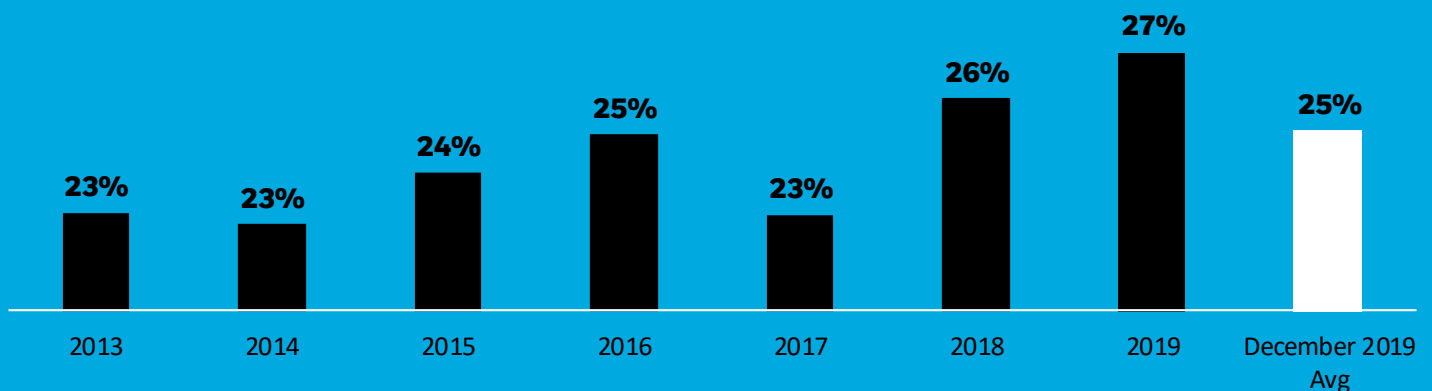
Just 9% of the total assets invested in U.S. equities are in U.S.-listed equity ETFs. The fixed income ETF market is even smaller, at 1.8% of the total U.S. bond market.



ETF Secondary Market Volume

In December 2019, average daily trading volume in U.S. equities was \$312 billion. Average daily trading volume for U.S. ETFs was \$78 billion over the same period. This means that U.S. ETFs accounted for 25% of the total U.S. composite volume in the secondary market.

Figure 1: ETFs as % of Equity Trading Volume⁵



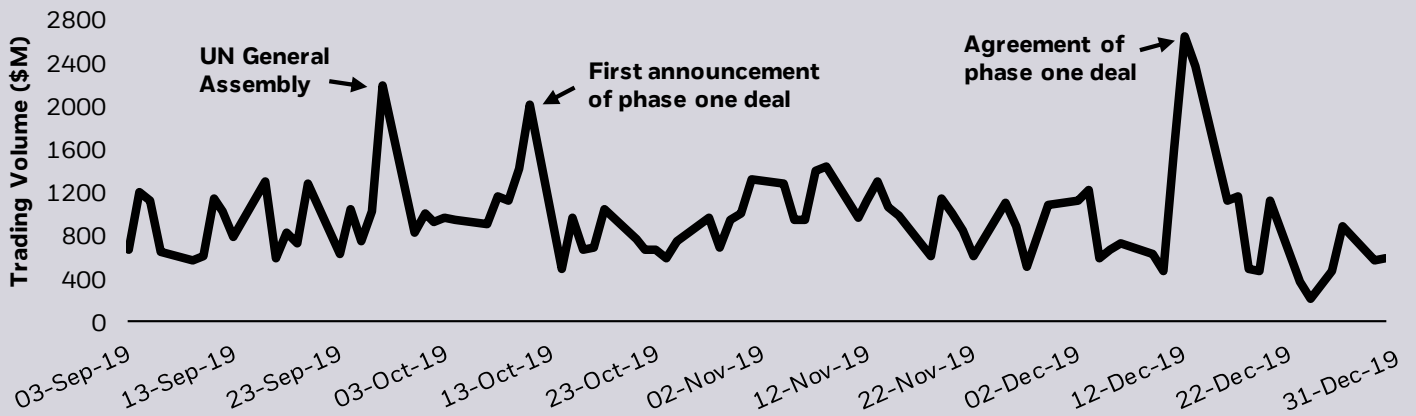
¹ As of December 31, 2019. Equity (ex-ETFs) represented by the market capitalization of the Russell 3000 index. Source: Bloomberg ² As of December 31, 2019. Source: Markit, BlackRock. ³ As of June 30, 2019. Source: SIFMA ⁴ As of December 31, 2019. Source: Markit, BlackRock ⁵ As of December 31, 2019. Source: Bloomberg, BlackRock.

Price Discovery: Role of ETFs

ETFs offer real-time access to international markets and can help form prices even when local markets are closed. For example, the iShares China Large-Cap ETF (FXI), a US-listed ETF that seeks to track the investment results of an index composed of the 50 largest Chinese stocks, saw increased trading activity following the announcement of an agreement on a “phase one” US-China trade deal in December.

The fund traded almost **three times** its daily average on December 12—the second highest volume in the fund in 2019.

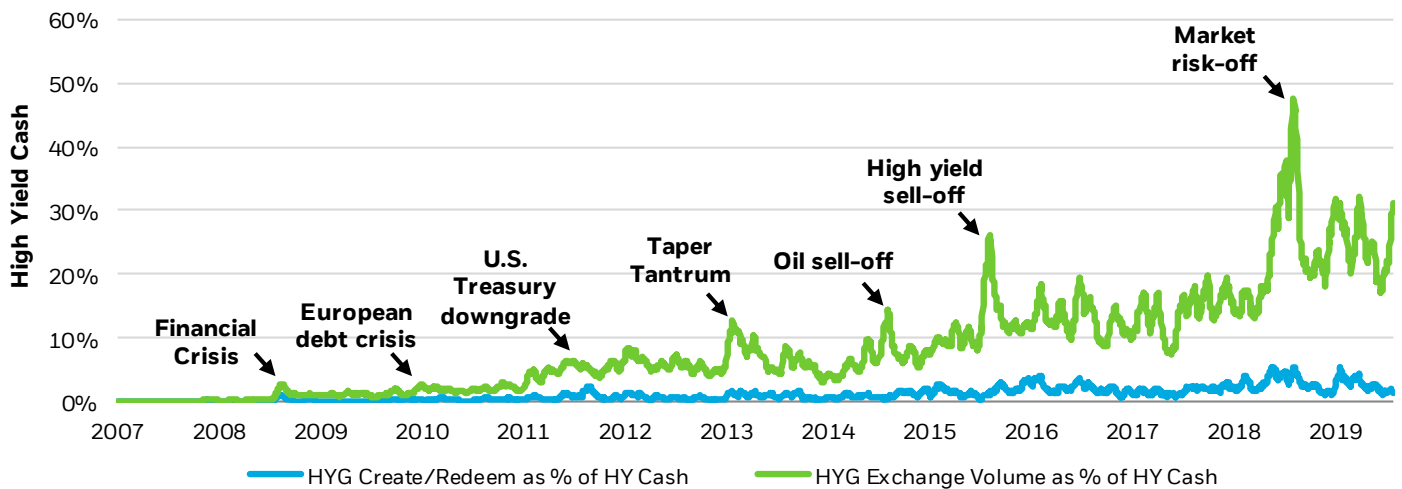
Figure 2: iShares China Large-Cap ETF (FXI)⁶



Bond ETF Liquidity in Stressed Markets

Fixed income ETFs have been tested in numerous stressed markets, including the Financial Crisis in 2008, the European sovereign debt crisis in 2010, the U.S. Treasury downgrade of 2011, the Taper Tantrum in 2013, the oil sell-off of 2014, and the high yield bond sell-off of 2015. During each of these stressed periods, many bond ETFs displayed increased volumes, materially tighter bid/ask spreads than the underlying bond market⁷, and no forced selling.

Figure 3: iShares iBoxx \$ High Yield Corporate Bond ETF (HYG) Market Activity⁸



⁶ As of December 31, 2019. Source: Bloomberg, BlackRock. ⁷ Source: Bloomberg, analyzed by BlackRock ⁸ “High Yield Cash” represents total over-the-counter (OTC) high-yield cash bond volume. Source: Bloomberg, BlackRock as of December 31, 2019. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

Important Information about iShares ETFs

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.

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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.

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.

Shares of iShares ETFs may be bought and sold throughout the day on the exchange through any brokerage account. Shares are not individually redeemable from the ETF, however, shares may be redeemed directly from an ETF by Authorized Participants, in very large creation/redemption units.

Although market makers will generally take advantage of differences between the NAV and the trading price of iShares ETF shares through arbitrage opportunities, there is no guarantee that they will do so.

Buying and selling shares of ETFs may result in brokerage commissions.

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

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