CONTROL YOUR TAX COSTS

iShares by BlackRock

Improving tax efficiency with iShares ETFs

Tax costs are an important part of total performance

For a taxable investor, capital gains distributions represent an additional cost of investing in a fund. This additional cost is not paid to the fund company, but in the form of a tax bill owed to the IRS. While investors often focus on fund expense ratios, in some cases, tax cost can have a bigger impact on overall fund returns.

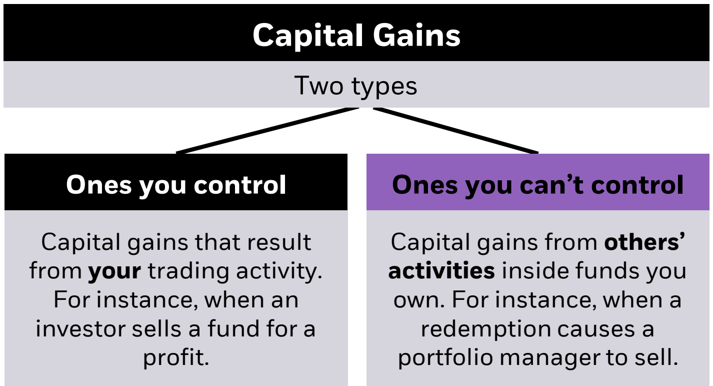
The iShares advantage

iShares ETFs are managed with a focus on tax efficiency, resulting in fewer capital gains distributions.

Funds that paid capital gains distributions over the past 5 years[1]

Where do capital gains come from?

Capital gains result from sales of securities that have appreciated in value. They can result from an investor selling a fund they own, or a manager selling securities within a fund portfolio (which can be distributed to a fund investor whether or not that investor chooses to sell). All mutual funds (and ETFs) are required to distribute realized portfolio gains to shareholders, regardless of performance. However, ETFs are generally more tax efficient than traditional mutual funds due to strategy and fund structure. This gives ETF investors more control by better protecting them from capital gains that result from others' activities inside funds.



1 Source: Morningstar, as of 12/31/18. Average number of mutual funds that paid a capital gain distribution each year over 5 years. Universe includes all U.S. open-ended mutual funds with at least a 5-year track record excluding alternative investments, commodities and money market funds, all share classes used. iShares ETFs include all U.S.-listed ETFs that incepted on or before 10/31 of each year and trade on U.S. exchanges. **Past distributions not indicative of future distribution.**

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Drivers of tax efficiency

ETF tax efficiency stems both from investment strategy and fund structure.

Indexing	Index funds generally have lower portfolio turnover relative to active funds.
ETF structure	Investors buy and sell shares on an exchange, which insulates them from the actions of other shareholders.
iShares advantage	iShares portfolio managers actively seek to balance gains and losses to manage tax distributions, historically resulting in fewer capital gains distributions.

Know the difference

While iShares ETFs and mutual funds each hold a basket of securities and are obligated to distribute gains to shareholders, some key differences do exist.

Criteria	iShares index ETFs	Active mutual funds
Performance goal	Track a benchmark	Outperform a benchmark
Performance risk	• Performance may be different from benchmark • Holdings not altered during rising/falling markets	• May not meet performance goals • May underperform due to manager's holdings selection
Buying/selling shares	Intraday on exchange	Once per day via fund company
Price to buy/sell	Current market price may differ from NAV, brokerage commissions	End-of-day NAV, Less fees
Holdings disclosures	Daily	Typically monthly

Want to know more?

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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.

Investment comparisons are for illustrative purposes only. To better understand the similarities and differences between investments, including investment objectives, risks, fees and expenses, it is important to read the products' prospectuses. Information on non-iShares ETF securities is provided strictly for illustrative purposes and should not be deemed an offer to sell or a solicitation of an offer to buy shares of any security other than the iShares Funds, that are described in this material.

No proprietary technology or asset allocation model is a guarantee against loss of principal. There can be no assurance that an investment strategy based on the Tax Estimator Tool will be successful. 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. Certain mutual funds may also be tax efficient.

The Funds are distributed by BlackRock Investments, LLC (together with its affiliates, "BlackRock").

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