

Media Release

BlackRock Launches New Small Cap Value ETF (SVAL)

NEW YORK, October 29, 2020 – BlackRock today announced the launch of the iShares Factors US Small Cap Value ETF (NYSE: SVAL). The fund seeks to track the Russell 2000 Focused Value Select Index which is designed to capture the value factor within the US small cap equity universe.

Using the Russell 2000 as the starting universe, the underlying index screens holdings based on their liquidity, volatility, leverage, and research analyst sentiment. The securities are then ranked by a weighted composite score, made up of three value metrics, and the top 250 securities are equally weighted.

Big Growth in Small Cap AUM

“Designed to answer client needs, the launch of SVAL arrives amid the recent surge in demand for small-cap and value stocks as investors reposition their portfolios for a reopening of the economy post-COVID-19. Flows point to a gravitation toward pro-cyclical securities and value and small-size factors, which have historically outperformed during market recoveries¹,” said **Bob Hum, U.S. Head of Factor ETFs for Blackrock.**

Since the end of 2018, the assets under management (AUM) of the small-cap ETF universe has grown by over 10% from \$197 billion to \$218 billion.² Small-caps have also been found to outperform large-caps by 3.9% in post-election years.³

Growing investor demand for value-oriented strategies

Beginning in August, investors began reallocating to the value factor to position their portfolios for the reopening of the economy, with the iShares Russell 1000 Value ETF (IWD) and iShares Value Factor ETF (VLUE) collectively accumulating \$667 million and \$1.1 billion during the months of August and September respectively. The Russell 1000 Value Index outpaced the Russell 1000 Growth Index by +2.2% in September, the first monthly outperformance since September 2019.⁴

VLUE has also become the number one inflowing ETF across the single factor sub-sector, bringing in \$2.84 billion YTD, reflecting investors positioning portfolios for a recovery.⁵

¹ BlackRock, The Sleeping Giant: Value's Dormant not Dead, September 11, 2020

² BlackRock Global Business Intelligence, 9/30/2020

³ Citi Research – Small/Mid Cap Topics, 8/26/2020. Data taken from election year 1984-2016.

⁴ Morningstar, 9/30/2020

⁵ BlackRock Global Business Intelligence, 10/16/2020

Expanding the iShares Factor ETF suite

The addition of SVAL brings the total number of U.S. iShares Factor ETFs available to investors to 37, representing \$134 billion in AUM⁶. The fund also expands the U.S. listed iShares Single Factor ETF lineup which has seen significant growth due to investors' appetite for concentrated and precise factor exposure in their portfolios. Over the past three years, the franchise has grown nearly threefold from \$10.6 billion in AUM to \$41.9 billion.⁷

About BlackRock

BlackRock's purpose is to help more and more people experience financial well-being. As a fiduciary to investors and a leading provider of financial technology, our clients turn to us for the solutions they need when planning for their most important goals. As of September 30, 2020, the firm managed approximately \$7.81 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit www.blackrock.com/corporate Twitter: [@blackrock](https://twitter.com/blackrock) | LinkedIn: www.linkedin.com/company/blackrock.

About iShares

iShares unlocks opportunity across markets to meet the evolving needs of investors. With more than twenty years of experience, a global line-up of 900+ exchange traded funds (ETFs) and \$2.32 trillion in assets under management as of September 30, 2020, iShares continues to drive progress for the financial industry. iShares funds are powered by the expert portfolio and risk management of BlackRock, trusted to manage more money than any other investment firm⁸.

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Small-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid than larger capitalization companies. There can be no assurance that performance will be enhanced or risk will be reduced for funds that seek to provide exposure to certain quantitative investment characteristics ("factors"). Exposure to such investment factors may detract from performance in some market environments, perhaps for extended periods. In such circumstances, a fund may seek to maintain exposure to the targeted investment factors and not adjust to target different factors, which could result in losses.

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

⁶ BlackRock Global Business Intelligence, 9/30/2020

⁷ BlackRock Global Business Intelligence, 9/30/2020

⁸ Based on \$7.81 trillion in AUM as of 9/30/20

This material represents an assessment of the market environment as of the date indicated; is subject to change; and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the funds or any issuer or security in particular.

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