DIVERSIFY EQUITY RISK WITH AGG

As stock market volatility increases, portfolio diversification with core fixed income may be more important than ever.

iShares Core U.S. Aggregate Bond ETF
Expense Ratio: 0.03%
30-Day SEC Yield: 4.59%
Effective Duration: 6.06 years

Key takeaways

**Competitive performance** – AGG has outperformed 59% of the funds in the Intermediate Core Bond Morningstar category, which includes 383 funds, over the last 5 years, based on total return.²

**Low cost** – AGG is over 95% less expensive than the average funds in its Morningstar category (0.03% vs. 0.58%).³

**Tax efficient** – AGG did not distribute capital gains in 2022 or in any of the past 7 years.⁴

Use as ballast in a portfolio

Investment grade bonds have outperformed when there is a flight to quality, especially during periods of equity market volatility. The five largest declines in the S&P 500 Index since the global financial crisis all saw AGG post better returns.⁵

AGG historically had better returns during stock market selloffs

<table>
<thead>
<tr>
<th>Event</th>
<th>S&amp;P 500 Index</th>
<th>AGG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Crisis (2007–2009)</td>
<td>-55.3%</td>
<td>-7.6%</td>
</tr>
<tr>
<td>US Credit Rating Downgrade (2011)</td>
<td>-17.9%</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Energy and EM Downturn (2015–2016)</td>
<td>-19.2%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Fed Policy Reaction (2018)</td>
<td>-33.8%</td>
<td>-19.2%</td>
</tr>
<tr>
<td>Coronavirus Selloff (Q1 2020)</td>
<td>-33.8%</td>
<td>-11.1%</td>
</tr>
</tbody>
</table>

Performance data represents past performance and does not guarantee future results. Investment return and principal value will fluctuate with market conditions and may be lower or higher when you sell your shares. Current performance may differ from the performance shown. For most recent month-end performance see www.iShares.com. For standardized performance, see the next page. Index returns are for illustrative purposes only. Indexes are unmanaged and one cannot invest directly in an index.

¹ Morningstar, as of 9/30/2023. Past performance does not guarantee future results. Effective duration is a duration calculation for bonds that have embedded options. This measure of duration takes into account the fact that expected cash flows will fluctuate as interest rates change and is, therefore, a measure of risk.
² Morningstar, as of 9/30/2023. Past performance does not guarantee future results.
³ Morningstar, AGG fee as of most current prospectus. Measured against the Morningstar Intermediate Core Bond category, inclusive of mutual funds and ETFs, as of 9/30/2023.
⁴ Morningstar, as of 12/31/2022. See www.iShares.com/tax for a complete list of funds that distributed capital gains in 2022.
⁵ Morningstar, Expense Ratio as of most current prospectus.
How do investment grade core bonds diversify against equity risk?

With over 7,000 bonds covering five broad fixed income sectors, AGG allows investors comprehensive access to the U.S. investment grade bond market. Nearly 70% of the fund is allocated to high-quality, government-backed securities including U.S. Treasuries and agency mortgage-backed securities (MBS). The remaining 30% is spread among corporate bonds, non-corporate credit, and municipal securities, offering access to potentially higher yielding bonds.

**Rating and sector breakdown**

- **Treasuries, 42%**
- **Securitized, 28.7%**
- **Corporates, 25.5%**
- **Government Related, 3.4%**
- **Cash Securities, 0.3%**

**Credit quality breakdown**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>3.0%</td>
</tr>
<tr>
<td>AA</td>
<td>71.9%</td>
</tr>
<tr>
<td>A</td>
<td>11.8%</td>
</tr>
<tr>
<td>BBB</td>
<td>12.9%</td>
</tr>
<tr>
<td>Cash/Other</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

For recent month-end performance see www.iShares.com.

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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 and, if available, 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. Diversification may not protect against market risk or loss of principal.

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. 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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