



# iShares MSCI KLD 400 Social ETF

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Social ETF

DSI

## Expense ratio

0.25%

## Index

MSCI KLD 400 Social Index

## Holdings

406

## Inception date

November 14, 2006

Source: BlackRock, as of 06/30/2019  
Holdings are subject to change

## Top ESG Peer Ranking



DSI's ESG Quality Score  
is in the 98<sup>th</sup> Percentile<sup>4</sup>  
(100<sup>th</sup> is best)

## Focus on ESG leaders<sup>1</sup> and express values

More investors – from global institutions to individuals – are looking to pursue their financial goals while investing in companies that exhibit positive environmental, social and governance (ESG) characteristics.

The iShares MSCI KLD 400 Social ETF provides exposure to higher ESG rated companies while addressing both social and environmental values.

## Why US Equity ESG Leaders?



### Sustainable Objective

Gain access to a broad range of stocks with higher ESG ratings and express environmental and social values through a wide range of negative screens<sup>2</sup>



### Performance

Seeks to track the MSCI KLD 400 Social Index, which was the first social index, outperforming the S&P 500 on a cumulative basis since inception (Figure 1)



### Implementation

With strong liquidity, consider as complement to an existing equity allocation or as the core equity holding for a sustainable portfolio

Figure 1: Index Performance – MSCI KLD 400 versus S&P 500<sup>3</sup>



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. Index performance does not represent actual iShares Fund performance. For actual fund performance, please visit [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com).

1. ESG Leader is defined by MSCI as a company with an MSCI ESG Rating of AAA or AA. ESG ratings are provided by MSCI. Ratings are on a scale of AAA (best) to CCC (worst) and are based on 37 ESG key issues as determined by MSCI. Assessments for each company's ESG performance is relative to the standards and performance of its industry peers.  
2. Source: MSCI index methodology. Screens Alcohol, Gambling, Tobacco, Military Weapons, Civilian Firearms, Nuclear Power, Genetically Modified Foods (GMOs), Adult Entertainment  
3 Source: Morningstar. Data from 05/1/1990 to 06/1//2019. MSCI KLD 400 Social Index Inception: 5/1/1990. 4 Source: MSCI ESG Fund Metrics as of 07/19/2019, based on holdings as of 05/31/2019. For MSCI ESG Fund Metrics and more information on ESG Metrics, please see the end of this document.

## How the index is built

- 1 Screen out 8 industries
- 2 Screen out securities without ESG rating and/or with severe controversies
- 3 Apply the following constraints:
  - Sector Weights: +/- 25% vs Parent Index
  - Minimum number of constituents: 400
- 4 Market-Cap Weighted. Rebalanced Quarterly.



Source: MSCI. For illustrative purposes only. 1 Screens Alcohol, Gambling, Tobacco, Military Weapons, Civilian Firearms, Nuclear Power, Genetically Modified Foods (GMOs), Adult Entertainment. The specific exclusion criteria, such as revenue thresholds, vary by industry. Please refer to the index methodology for more information. 2 Companies must have an MSCI ESG Rating higher than BB. Existing constituents of the MSCI KLD 400 Index are required to have an MSCI ESG Controversies Score above 0 to remain in the index, while companies that are currently not constituents of the MSCI USA ESG Select Index are required to have an MSCI ESG Controversies Score above 2 to be considered eligible for addition. MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. MSCI ESG Controversies Score falls on a 0-10 scale, with "0" being the most severe controversy.

## MSCI ESG Fund Metrics

Source: MSCI ESG Fund Metrics, as of 07/19/2019

Ticker	Fund	ESG Quality Score % Rank	Lipper Peer Group (Number of Funds in Group)	ESG Quality Score	Weighted Avg. Carbon Intensity	ESG Coverage	Holdings Date
DSI	iSharesMSCI KLD400 Social ETF	98 <sup>th</sup>	Equity US (2734)	6.7	130.9	99.2%	5/31/2019

The **ESG Quality Score % Rank** measures how a fund's overall ESG Quality Score ranks relative to other funds in the same Lipper peer group. 100% represents the best score. The **Fund ESG Quality Score** measures the ability of underlying holdings to manage key medium to long-term risks and opportunities arising from environmental, social, and governance factors. The Fund ESG Quality Score is calculated as the weighted average of the underlying holding's ESG Scores. The Fund ESG Quality Score is provided on a 0-10 score, with 0 and 10 being the respective lowest and highest possible fund scores. MSCI rates underlying holdings according to their exposure to 37 industry specific ESG risks and their ability to manage those risks relative to peers. These issuer-level ESG ratings correspond to an issuer-level ESG Score. The **Weighted Average Carbon Intensity** is measured in tons CO<sub>2</sub>/\$M sales. To be included in MSCI Fund Metrics, 65% of the fund's gross weight (excluding cash positions) must come from securities covered by MSCI ESG Research, the fund's holdings date must be less than one year old, and the fund must have at least ten securities. **Past ESG metrics are not indicative of future results.**

**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](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com). Read the prospectus carefully before investing.**

### Investing involves risk, including possible loss of principal.

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.

A fund's environmental, social and governance ("ESG") investment strategy limits the types and number of investment opportunities available to the fund and, as a result, the fund may underperform other funds that do not have an ESG focus. A fund's ESG investment strategy may result in the fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards.

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