

HYDB

Seek outperformance at a low cost in high yield

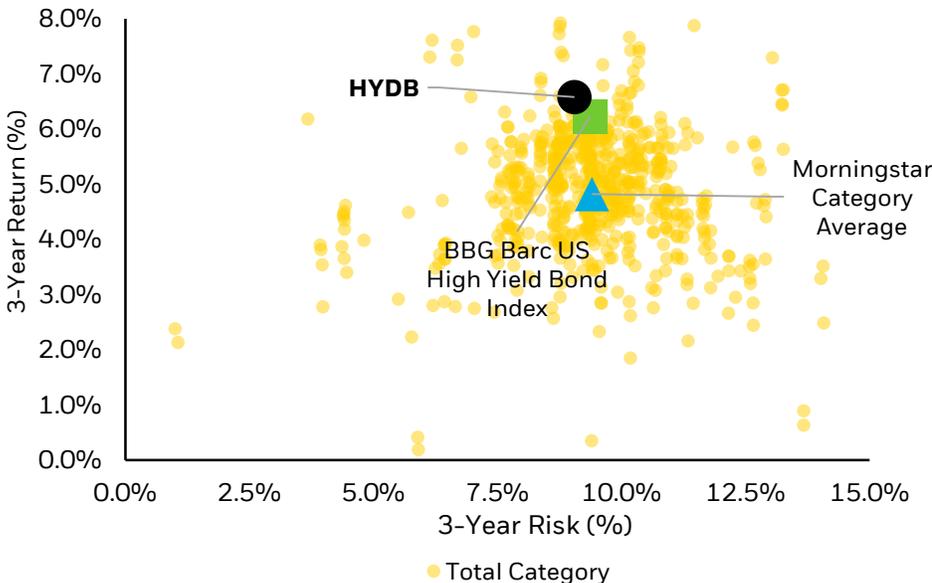
Putting factors to work in high yield

Factors have changed the way we invest. But did you know that many of the well-known factors that are found in equities also exist in fixed income?

Now, investors are exploring how low-cost fixed income factor ETFs can help build better bond portfolios.

The **iShares High Yield Bond Factor ETF's index** blends two diversifying factors—Quality and Value—to target superior risk-adjusted and total returns versus a broad high yield bond market.

HYDB vs. Morningstar peer group¹



HYDB
0.35%

iShares High Yield Bond Factor ETF
Expense ratio

3-Year Total Return Rank:
56/627 funds (9th percentile) in the Morningstar High Yield Bond category²

30-Day SEC Yield: 3.97%

Eff. Duration: 3.25 yrs

All above data as of 12/31/2020.

91%
COMPETITIVE PERFORMANCE
HYDB has outperformed 91% of its peers on a 3-year basis.²

95%
LOW COST
HYDB's expense ratio is lower than 95% of its peers, and 0.62% less than the average fund in the category.³

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.

¹ Source: Data for Bloomberg Barclays US High Yield Bond Index and Morningstar Corporate Bond Fund Category Average as reported by Morningstar as of 12/31/2020. Data for HYDB is provided by BlackRock as of 12/31/2020. Universe includes all ETFs and mutual funds with 3 years of performance using total return. Risk, represented by standard deviation, measures how dispersed returns are around the average. A higher standard deviation indicates that returns are spread out over a larger range of values and thus, more volatile. The Bloomberg Barclays US High Yield Bond Index is included for informational purposes only. There may be material differences between the index that fund seeks to track and the index shown including without limitation index provider, holdings, methodology and performance.

² Morningstar as of 12/31/2020. Universe includes all ETFs and mutual funds in the High Yield Bond category. HYDB outperformed 84% of funds (16th percentile) over the 1-year period, ranked 108/676 in the High Yield Bond category. Total return represents changes to the NAV and accounts for distributions from the funds (excluding any applicable sales charges). Past performance does not guarantee future results. Other time periods may have different results. ³ Morningstar as of 12/31/2020. Average expense ratio in the High Yield Bond category is 0.97%. Universe includes all ETFs and mutual funds, based on average prospectus net expense ratios.

HYDB's index in action

Seeks to avoid riskier securities while targeting higher quality and undervalued bonds

Screen on Quality

Screens out bonds based on Quality metrics in an effort to **avoid risky securities and minimize potential drawdowns**



Tilt toward Value

Tilts toward bonds based on Value with attractive default-adjusted spreads to seek **enhanced income potential and total returns**



Align to Market

Aligns portfolio with broad market in an effort to **limit unintended risks and minimize turnover**



Notable exclusion Diamond Sports Grp (DSPORT)

What? DSPORT was screened out of HYDB's index in Q2 2020 because BlackRock's probability of default estimate for the issuer moved above an acceptable level of risk.

Why? DSPORT's probability of default was elevated in early 2020 due to deteriorating sentiment and fundamental signals. This was exacerbated by the COVID-19 shock, which had a meaningful impact on the issuer's revenue and earnings.

For illustrative purposes only. Based on the methodology of the BlackRock High Yield Defensive Bond Index.

Notable exclusion is selected to illustrate the investment process as of the most recent rebalance (09/30/20). Securities shown for illustrative purposes only and should not be construed as recommendation to buy, hold or sell. There is no guarantee that any securities remain in or out of the fund. For current fund holdings, see www.iShares.com.

HYDB Standardized Performance as of 12/31/2020	1 Year	5 Year	10 Year	Since Inception (07/11/2017)
Fund NAV Total Return	7.55%	--	--	6.75%
Fund Market Price Total Return	7.41%	--	--	6.87%
BlackRock High Yield Defensive Bond Index	8.10%	--	--	6.90%

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting www.iShares.com or www.blackrock.com.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Any applicable brokerage commissions will reduce returns. Beginning August 10, 2020, market price returns for BlackRock and iShares ETFs are calculated using the closing price and account for distributions from the fund. Prior to August 10, 2020, market price returns for BlackRock and iShares ETFs were calculated using the midpoint price and accounted for distributions from the fund. The midpoint is the average of the bid/ask prices at 4:00 p.m. ET (when NAV is normally determined for most ETFs). The returns shown do not represent the returns you would receive if you trades shares at other times.

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.

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.

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.

Diversification may not protect against market risk or loss of principal. Buying and selling shares of ETFs may result in brokerage commissions.

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.

Prepared by BlackRock Investments, LLC., member FINRA.

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by BlackRock Index Services, LLC., nor does this company make any representation regarding the advisability of investing in the Funds. BlackRock Investments, LLC and BlackRock Index Services are affiliates.

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.

©2021 BlackRock, Inc. All rights reserved. iSHARES and BLACKROCK are trademarks of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other marks are the property of their respective owners. GELM-365227-Q-JAN21-US