

# MUNICIPAL BOND ETFs:

A Scalable tax advantage

## Using ETFs to access municipal bonds

Investors could turn to municipal bonds to pursue tax-advantaged income – the interest income of municipal bonds is generally exempt from federal income tax, and may also be exempt from state and local taxes depending on state laws and an investor's residency. Municipal bonds may also offer diversification benefits and lower volatility relative to other fixed income asset sectors. Using BlackRock and iShares municipal bond ETFs may provide additional benefits including:



### Broad access

Get access to a wide range of municipal bonds in a cost-efficient, scalable way



### Customization

BlackRock manages 14 municipal bond ETFs spanning various index, state-specific, active, and term-maturity strategies<sup>1</sup>



### Tax efficiency

11 of the 14 iShares and BlackRock muni bond ETFs including MUB, the largest muni ETF in the industry<sup>2</sup>, have never paid out a capital gain<sup>3</sup>

#### Broad index

<b>MUB</b>	<b>iShares National Muni Bond ETF</b> Effective duration: 5.94 years Expense ratio: 0.05% 30-day SEC yield: 3.17%
<b>SUB</b>	<b>iShares Short-Term National Muni Bond ETF</b> Effective duration: 1.87 years Expense ratio: 0.07% 30-day SEC yield: 2.70%

#### State-specific index

<b>NYF</b>	<b>iShares New York Muni Bond ETF</b> Effective duration: 5.87 years Expense ratio: 0.25% 30-day SEC yield: 3.02%
<b>CMF</b>	<b>iShares California Muni Bond ETF</b> Effective duration: 6.13 years Expense ratio: 0.25% 30-day SEC yield: 2.84%

#### Active

<b>MEAR</b>	<b>BlackRock Short Maturity Municipal Bond ETF</b> Effective duration: 0.55 years Expense ratio: 0.25% 30-day SEC yield: 3.57%
<b>INMU</b>	<b>BlackRock Intermediate Muni Income Bond ETF</b> Effective duration: 4.61 years Gross expense ratio: 0.42% Net expense ratio: 0.30% <sup>4</sup> 30-day SEC yield: (with/without waiver) 3.26/3.16%
<b>HYMU</b>	<b>BlackRock High Yield Muni Income Bond ETF</b> Effective duration: 7.56 years Gross expense ratio: 0.47% Net expense ratio: 0.35% <sup>4</sup> 30-day SEC yield (with/without waiver): 4.08/3.97%
<b>CALY</b>	<b>BlackRock Short-Term California Muni Bond ETF</b> Effective duration: 1.08 years Gross expense ratio: 0.26% <sup>4</sup> Net expense ratio: 0.20% 30-day SEC yield (with/without waiver): 2.95/2.90%

#### Specific maturity years with iBonds® ETFs (0.18% expense ratio)

<b>IBMM</b>	<b>IBMN</b>	<b>IBMO</b>	<b>IBMP</b>	<b>IBMQ</b>	<b>IBMR</b>
2024	2025	2026	2027	2028	2029

Source: BlackRock as of 12/31/2023.

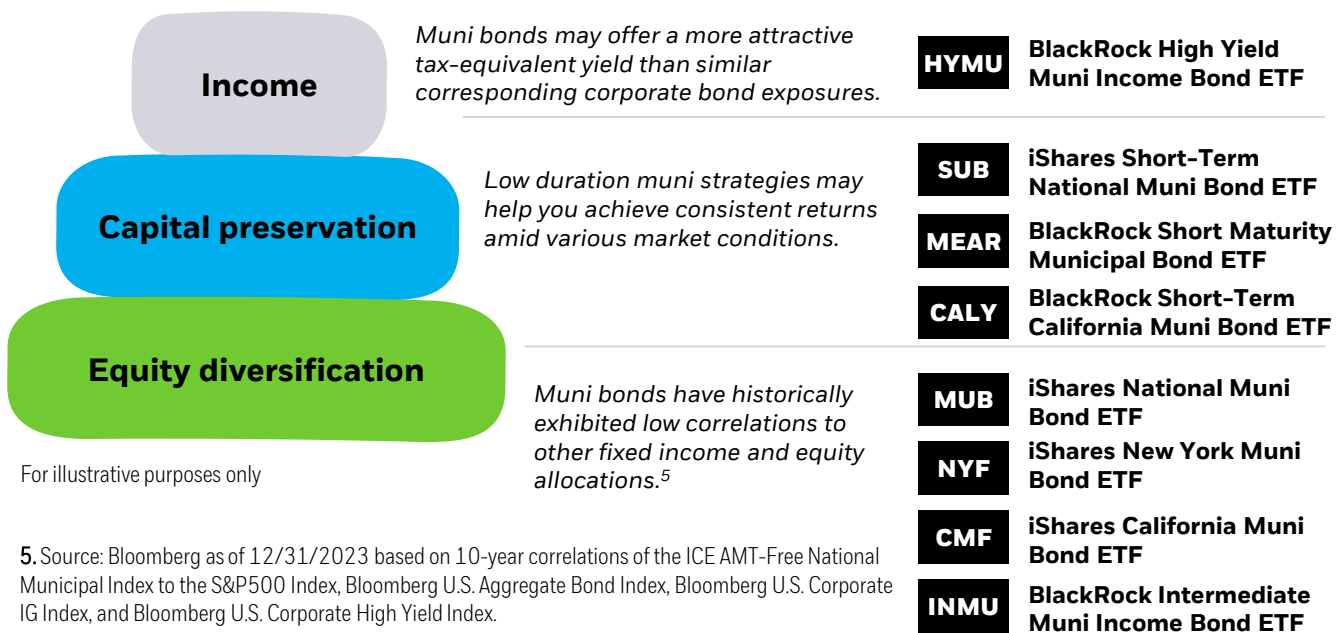
Performance data represents past performance and does not guarantee future results. Investment return and principal value will fluctuate with market conditions and may be lower or higher when you sell your shares. Current performance may differ from the performance shown. For most recent month-end performance, see [www.iShares.com](http://www.iShares.com). For standardized performance, see the end of this document.

1. Source: BlackRock Global Business Intelligence as of 12/31/2023. 2 Based on AUM from BlackRock Global Business Intelligence as of 12/31/2023. 3. BlackRock as of 12/31/2023. NYF paid a capital gain in 2017. INMU and HYMU paid capital gains in 2021. Past distributions are not indicative of future distributions. 4. Net expense ratios shown for INMU and HYMU and CALY reflect contractual fee waivers in place through 06/30/2025, 06/30/2025, and 06/30/2026 respectively.

# Know what role your muni bonds play

No one bond fund can do it all. Since municipal bonds can play a variety of roles in your portfolio, consider your desired outcome, then optimize your bond mix based on your broader asset allocation.

## The BlackRock Bond Pyramid



## Consider building muni bond ladders with iBonds®

iBonds ETFs offer investors an easier way to build and maintain bond ladders. They are designed to:

- **Mature, like a bond** – iBonds ETFs have a specified maturity date. Like individual bonds, you are exposed to less interest rate risk over time as iBonds ETFs approach maturity.
- **Trade, like a stock** – trade throughout the day on the exchange, so you are not subject to trading in the over-the-counter (OTC) bond market.
- **Diversify, like a fund** – exposure to hundreds of bonds in a single fund.

## Start building better bond ladders with municipal iBonds ETFs

Maturity year	2024	2025	2026	2027	2028	2029
iBonds ETF ticker	IBMM	IBMN	IBMO	IBMP	IBMQ	IBMR
Expense ratio	0.18% across the muni suite					
30-day SEC yield	2.85%	2.62%	2.50%	2.39%	2.34%	2.21%
Effective duration (years)	0.50	1.43	2.20	2.99	3.81	4.65

Source: BlackRock as of 12/31/2023. 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](http://www.iShares.com). For standardized performance, see the end of this document.

## Standardized performance as of 12/31/2023

Fund Name	Ticker	Fund Inception Date	Gross Expense Ratio*	30-Day SEC Yield (With / Without Waiver)	Contractual Fee Waiver Expiration (If Applicable)	1-Year Returns		5-Year Returns		10-Year Returns		Since Inception	
						NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price
iShares National Muni Bond ETF (MUB)	MUB	09/07/2007	0.05%	3.17%	06/30/2026	5.86%	5.56%	2.21%	2.15%	2.79%	2.82%	3.27%	3.26%
iShares Short-Term National Muni Bond ETF (SUB)	SUB	11/05/2008	0.07%	2.70%	--	3.11%	2.91%	1.28%	1.25%	1.00%	1.00%	1.43%	1.44%
BlackRock Short Maturity Municipal Bond ETF (MEAR)	MEAR	03/03/2015	0.25%	3.57%	--	3.96%	3.93%	1.45%	1.43%	--	--	1.22%	1.21%
BlackRock Intermediate Muni Income Bond ETF (INMU)	INMU	03/16/2021	0.42%	3.26% / 3.16%	06/30/2025	5.78%	6.49%	--	--	--	--	0.57%	0.53%
BlackRock High Yield Muni Income Bond ETF (HYMU)	HYMU	03/16/2021	0.47%	4.08% / 3.97%	06/30/2025	9.70%	9.64%	--	--	--	--	-0.42%	-0.35%
iShares New York Muni Bond ETF (NYF)	NYF	10/04/2007	0.25%	3.02%	--	6.22%	5.76%	1.98%	1.87%	2.66%	2.72%	3.21%	3.19%
iShares California Muni Bond ETF (CMF)	CMF	10/04/2007	0.25%	2.84%	--	5.59%	5.71%	1.83%	1.78%	2.74%	2.80%	3.44%	3.44%
iShares® iBonds® Dec 2024 Term Muni Bond ETF (IBMM)	IBMM	03/20/2018	0.18%	2.85%	--	2.55%	2.46%	1.76%	1.72%	--	--	2.07%	2.08%
iShares® iBonds® Dec 2025 Term Muni Bond ETF (IBMN)	IBMN	11/13/2018	0.18%	2.62%	--	2.50%	2.44%	1.85%	1.78%	--	--	2.45%	2.45%
iShares® iBonds® Dec 2026 Term Muni Bond ETF (IBMO)	IBMO	04/02/2019	0.18%	2.50%	--	2.91%	2.90%	--	--	--	--	1.52%	1.54%
iShares® iBonds® Dec 2027 Term Muni Bond ETF (IBMP)	IBMP	04/09/2019	0.18%	2.39%	--	3.42%	3.53%	--	--	--	--	1.68%	1.73%
iShares® iBonds® Dec 2028 Term Muni Bond ETF (IBMQ)	IBMQ	04/16/2019	0.18%	2.34%	--	3.97%	4.02%	--	--	--	--	1.87%	1.90%
iShares® iBonds® Dec 2029 Term Muni Bond ETF (IBMR)	IBMR	05/09/2023	0.18%	2.21%	--	--	--	--	--	--	--	3.45%	3.77%
BlackRock Short-Term California Muni Bond ETF (CALY)	CALY	07/11/2023	0.26%	2.95% / 2.90%	06/30/2026	--	--	--	--	--	--	1.97%	2.06%

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](http://www.iShares.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 PM ET (when NAV is normally determined for most ETFs). The returns shown do not represent the returns you would receive if you traded 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 and, if available, 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.**

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.

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency and its return and yield will fluctuate with market conditions.

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.

The BlackRock funds are actively managed and their characteristics will vary.

The BlackRock Short Maturity Municipal Bond ETF (MEAR) is not a money market fund and is not subject to the strict rules that govern the quality, maturity, liquidity and other features of securities that money market funds may purchase. Under normal circumstances, the Fund's investments may be more susceptible than a money market fund is to credit risk, interest rate risk, valuation risk and other risks relevant to the Fund's investments. The Fund does not seek to maintain a stable net asset value of \$1.00 per share. The Fund will hold securities with floating or variable interest rates which may decline in value if their coupon rates do not reset as high, or as quickly, as comparable market interest rates. Although floating rate notes are less sensitive to interest rate risk than fixed rate securities, they are subject to credit and default risk, which could impair their value.

There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to federal or state income taxes or the Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

The iShares® iBonds® Muni ETFs ("Funds") will terminate in September or December of the year in the Fund's name. An investment in the Fund(s) is not guaranteed, and an investor may experience losses, including near or at the termination date. In the final months of the Fund's operation, as the bonds it holds mature, its portfolio will transition to cash and cash-like instruments. Following the Fund's termination date, the Fund will distribute substantially all of its net assets, after deduction of any liabilities, to then-current investors without further notice and will no longer be listed or traded. The Funds do not seek to return any predetermined amount.

During the final months prior to the Fund's planned termination date, its yield will generally tend to move toward prevailing tax-exempt money market rates, and may be lower than the yields of the bonds previously held by the Fund and lower than prevailing yields for bonds in the market. As the Fund approaches its termination date, its holdings of money market or similar funds may increase, causing the Fund to incur the fees and expenses of these funds. The rate of Fund distribution payments may adversely affect the tax characterization of an investor's returns from an investment in the Fund relative to a direct investment in municipal bonds. If the amount an investor receives as liquidation proceeds upon the Fund's termination is higher or lower than the investor's cost basis, the investor may experience a gain or loss for tax purposes.

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