

# 2025 Semi-Annual Financial Statements and Additional Information (Unaudited)

**BlackRock ETF Trust**

- iShares International Dividend Active ETF | BIDD | NYSE Arca

Not FDIC Insured • May Lose Value • No Bank Guarantee

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# Schedule of Investments (unaudited)

October 31, 2025

## iShares International Dividend Active ETF

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Common Stocks</b>		
<b>Canada — 5.6%</b>		
Teck Resources Ltd., Class B	194,156	\$ 8,329,376
Toronto-Dominion Bank	164,599	13,514,827
Waste Connections, Inc.	40,238	6,748,268
		<u>28,592,471</u>
<b>China — 5.9%</b>		
Alibaba Group Holding Ltd., ADR	78,098	13,310,242
Tencent Holdings Ltd., ADR	206,650	16,815,111
		<u>30,125,353</u>
<b>Finland — 2.0%</b>		
Kone OYJ, Class B	152,538	10,191,526
<b>France — 10.4%</b>		
Air Liquide SA	77,268	14,954,361
BNP Paribas SA	65,608	5,081,862
EssilorLuxottica SA	27,893	10,214,936
Sanofi SA	103,337	10,453,858
Schneider Electric SE	44,612	12,711,288
		<u>53,416,305</u>
<b>Germany — 7.4%</b>		
Allianz SE, Registered Shares	30,436	12,230,451
Deutsche Telekom AG, Class N, Registered Shares	269,808	8,357,349
SAP SE	66,301	17,243,057
		<u>37,830,857</u>
<b>India — 4.2%</b>		
AceVector Ltd., (Acquired 05/07/14, Cost: \$7,423,816) <sup>(a)(b)</sup>	1,595,200	551,672
HDFC Bank Ltd., ADR	580,784	21,035,997
		<u>21,587,669</u>
<b>Italy — 2.9%</b>		
FincoBank Banca Finco SpA	655,111	14,989,035
<b>Japan — 6.8%</b>		
Honda Motor Co. Ltd.	756,000	7,641,076
Keyence Corp.	32,300	11,987,644
Sony Group Corp.	552,400	15,384,108
		<u>35,012,828</u>
<b>Mexico — 1.4%</b>		
Grupo Financiero Banorte SAB de CV, Class O	776,400	7,307,024
<b>Netherlands — 7.2%</b>		
ASM International NV	21,254	13,790,543
ASR Nederland NV	131,969	8,807,431
Koninklijke KPN NV	3,155,819	14,603,430
		<u>37,201,404</u>
<b>Singapore — 2.2%</b>		
United Overseas Bank Ltd.	421,054	11,198,963
<b>South Korea — 3.4%</b>		
Kia Corp.	115,652	9,700,725
SK Hynix, Inc.	19,404	7,549,969
		<u>17,250,694</u>
<b>Spain — 4.2%</b>		
Banco Bilbao Vizcaya Argentaria SA	522,320	10,522,696
Industria de Diseno Textil SA	197,155	10,886,975
		<u>21,409,671</u>

Security	Shares	Value
<b>Sweden — 5.2%</b>		
Assa Abloy AB, Class B	360,138	\$ 13,571,642
Atlas Copco AB, A Shares	794,013	13,304,524
		<u>26,876,166</u>
<b>Switzerland — 2.3%</b>		
UBS Group AG, Registered Shares	305,168	11,677,349
<b>Taiwan — 8.5%</b>		
MediaTek, Inc.	245,000	10,390,308
Taiwan Semiconductor Manufacturing Co. Ltd.	684,000	33,078,012
		<u>43,468,320</u>
<b>United Kingdom — 16.2%</b>		
Anglo American PLC	207,488	7,849,814
AstraZeneca PLC	91,277	15,056,007
British American Tobacco PLC	178,973	9,166,191
Haleon PLC	2,056,665	9,563,963
RELX PLC	295,971	13,035,648
Shell PLC	571,013	21,439,046
Taylor Wimpey PLC	4,958,540	6,858,852
		<u>82,969,521</u>
<b>United States — 3.5%</b>		
General Electric Co.	27,289	8,430,937
Mastercard, Inc., Class A	17,353	9,578,682
		<u>18,009,619</u>
<b>Total Long-Term Investments — 99.3%</b>		
(Cost: \$425,024,088)		<u>509,114,775</u>
<b>Short-Term Securities</b>		
<b>Money Market Funds — 1.1%</b>		
BlackRock Cash Funds: Institutional, SL Agency Shares, 4.27% <sup>(c)(d)(e)</sup>	3,009,712	3,011,217
BlackRock Cash Funds: Treasury, SL Agency Shares, 4.05% <sup>(c)(d)</sup>	2,740,000	2,740,000
<b>Total Short-Term Securities — 1.1%</b>		
(Cost: \$5,750,988)		<u>5,751,217</u>
<b>Total Investments — 100.4%</b>		
(Cost: \$430,775,076)		514,865,992
<b>Liabilities in Excess of Other Assets — (0.4)%</b>		
		<u>(2,026,647)</u>
<b>Net Assets — 100.0%</b>		
		<u>\$ 512,839,345</u>

(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.

(b) Restricted security as to resale, excluding 144A securities. The Fund held restricted securities with a current value of \$551,672, representing 0.1% of its net assets as of period end, and an original cost of \$7,423,816.

(c) Affiliate of the Fund.

(d) Annualized 7-day yield as of period end.

(e) All or a portion of this security was purchased with the cash collateral from loaned securities.

October 31, 2025

**Affiliates**

Investments in issuers considered to be affiliate(s) of the Fund during the six months ended October 31, 2025 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliated Issuer	Value at 04/30/25	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Value at 10/31/25	Shares Held at 10/31/25	Income	Capital Gain Distributions from Underlying Funds
BlackRock Cash Funds: Institutional, SL Agency Shares ...	\$ —	\$ 3,012,450 <sup>(a)</sup>	\$ —	\$ (1,462)	\$ 229	\$ 3,011,217	3,009,712	\$ 3,825 <sup>(b)</sup>	\$ —
BlackRock Cash Funds: Treasury, SL Agency Shares .....	7,840,000	—	(5,100,000) <sup>(a)</sup>	—	—	2,740,000	2,740,000	123,426	—
				<u>\$ (1,462)</u>	<u>\$ 229</u>	<u>\$ 5,751,217</u>		<u>\$ 127,251</u>	<u>\$ —</u>

<sup>(a)</sup> Represents net amount purchased (sold).

<sup>(b)</sup> All or a portion represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of collateral investment fees, and other payments to and from borrowers of securities.

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of financial instruments at the measurement date. For a description of the input levels and information about the Fund's policy regarding valuation of financial instruments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's financial instruments categorized in the fair value hierarchy. The breakdown of the Fund's financial instruments into major categories is disclosed in the Schedule of Investments above.

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments				
Long-Term Investments				
Common Stocks				
Canada .....	\$ 28,592,471	\$ —	\$ —	\$ 28,592,471
China .....	30,125,353	—	—	30,125,353
Finland .....	—	10,191,526	—	10,191,526
France .....	—	53,416,305	—	53,416,305
Germany .....	—	37,830,857	—	37,830,857
India .....	21,035,997	—	551,672	21,587,669
Italy .....	—	14,989,035	—	14,989,035
Japan .....	—	35,012,828	—	35,012,828
Mexico .....	7,307,024	—	—	7,307,024
Netherlands .....	—	37,201,404	—	37,201,404
Singapore .....	—	11,198,963	—	11,198,963
South Korea .....	—	17,250,694	—	17,250,694
Spain .....	—	21,409,671	—	21,409,671
Sweden .....	—	26,876,166	—	26,876,166
Switzerland .....	—	11,677,349	—	11,677,349
Taiwan .....	—	43,468,320	—	43,468,320
United Kingdom .....	—	82,969,521	—	82,969,521
United States .....	18,009,619	—	—	18,009,619
Short-Term Securities				
Money Market Funds .....	5,751,217	—	—	5,751,217
	<u>\$ 110,821,681</u>	<u>\$ 403,492,639</u>	<u>\$ 551,672</u>	<u>\$ 514,865,992</u>

See notes to financial statements.

# Statement of Assets and Liabilities (unaudited)

October 31, 2025

iShares  
International  
Dividend Active ETF

## ASSETS

Investments, at value — unaffiliated <sup>(a)(b)</sup>	\$ 509,114,775
Investments, at value — affiliated <sup>(c)</sup>	5,751,217
Foreign currency, at value <sup>(d)</sup>	36,471
Receivables:	
Securities lending income — affiliated	1,076
Dividends — unaffiliated	2,244,016
Dividends — affiliated	11,963
Prepaid expenses	266
Other assets	73
<b>Total assets</b>	<b><u>517,159,857</u></b>

## LIABILITIES

Bank overdraft	6,147
Collateral on securities loaned	3,012,450
Payables:	
Investments purchased	79,735
Capital shares redeemed	902,798
Investment advisory fees	294,677
Other accrued expenses	19,021
Professional fees	5,684
<b>Total liabilities</b>	<b><u>4,320,512</u></b>

## Commitments and contingent liabilities

NET ASSETS **\$ 512,839,345**

## NET ASSETS CONSIST OF

Paid-in capital	\$ 378,611,880
Accumulated earnings	<u>134,227,465</u>
<b>NET ASSETS</b>	<b><u>\$ 512,839,345</u></b>

## NET ASSET VALUE

Shares outstanding	<u>18,074,563</u>
Net asset value	<u>\$ 28.37</u>
Shares authorized	<u>Unlimited</u>
Par value	<u>None</u>

<sup>(a)</sup> Investments, at cost — unaffiliated	\$ 425,024,088
<sup>(b)</sup> Securities loaned, at value	\$ 2,890,356
<sup>(c)</sup> Investments, at cost — affiliated	\$ 5,750,988
<sup>(d)</sup> Foreign currency, at cost	\$ 36,884

See notes to financial statements.

# Statement of Operations (unaudited)

Six Months Ended October 31, 2025

iShares  
International  
Dividend Active ETF

## INVESTMENT INCOME

Dividends — unaffiliated .....	\$ 8,412,198
Dividends — affiliated .....	123,426
Interest — unaffiliated .....	2,752
Securities lending income — affiliated — net .....	3,825
Foreign taxes withheld .....	(865,022)
Foreign withholding tax claims .....	292,992
IRS compliance fee for foreign withholding tax claims .....	25,120
Total investment income .....	<u>7,995,291</u>

## EXPENSES

Investment advisory .....	2,077,150
Professional .....	1,421
Commitment costs .....	513
Interest expense — unaffiliated .....	38
Total expenses .....	<u>2,079,122</u>
Less fees waived and/or reimbursed by the Manager .....	(2,634)
Total expenses after fees waived and/or reimbursed .....	<u>2,076,488</u>
Net investment income .....	<u>5,918,803</u>

## REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:	
Investments — unaffiliated .....	11,942,190
Investments — affiliated .....	(1,462)
Foreign currency transactions .....	(219,019)
In-kind redemptions — unaffiliated <sup>(a)</sup> .....	48,659,661
	<u>60,381,370</u>
Net change in unrealized appreciation (depreciation) on:	
Investments — unaffiliated .....	2,114,234
Investments — affiliated .....	229
Foreign currency translations .....	(40,189)
	<u>2,074,274</u>
Net realized and unrealized gain .....	<u>62,455,644</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	<u>\$ 68,374,447</u>

<sup>(a)</sup> See Note 2 of the Notes to Financial Statements.

See notes to financial statements.

# Statements of Changes in Net Assets

	iShares International Dividend Active ETF		
	Six Months Ended 10/31/25 (unaudited)	Period from 06/01/24 to 04/30/25 <sup>(a)</sup>	Year Ended 05/31/24
<b>INCREASE (DECREASE) IN NET ASSETS</b>			
<b>OPERATIONS</b>			
Net investment income .....	\$ 5,918,803	\$ 10,078,429	\$ 13,241,156
Net realized gain (loss) .....	60,381,370	27,779,838	(10,909,234)
Net change in unrealized appreciation (depreciation) .....	2,074,274	(36,654,313)	90,934,411
Net increase in net assets resulting from operations .....	<u>68,374,447</u>	<u>1,203,954</u>	<u>93,266,333</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS<sup>(b)</sup></b>			
Fund .....	(9,963,341) <sup>(c)</sup>	(1,179,591)	—
Institutional .....	—	(14,144,433)	(9,705,515)
Investor A .....	—	(3,138,833)	(2,302,905)
Investor C .....	—	(105,431)	(63,643)
Class K .....	—	(1,896,336)	(1,364,928)
Decrease in net assets resulting from distributions to shareholders .....	<u>(9,963,341)</u>	<u>(20,464,624)</u>	<u>(13,436,991)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>			
Net increase (decrease) in net assets derived from capital share transactions .....	<u>(269,941,509)</u>	<u>7,742,712</u>	<u>36,925,249</u>
<b>NET ASSETS</b>			
Total increase (decrease) in net assets .....	(211,530,403)	(11,517,958)	116,754,591
Beginning of period .....	<u>724,369,748</u>	<u>735,887,706</u>	<u>619,133,115</u>
End of period .....	<u>\$ 512,839,345</u>	<u>\$ 724,369,748</u>	<u>\$ 735,887,706</u>

<sup>(a)</sup> During the period the Fund converted from a mutual fund to an exchange traded fund pursuant to an Agreement and Plan of Reorganization. See Note 1 of the Notes to Financial Statements for information on the Fund's reorganization.

<sup>(b)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(c)</sup> A portion of the distributions from net investment income may be deemed a return of capital or net realized gain at fiscal year-end.

See notes to financial statements.

# Financial Highlights

(For a share outstanding throughout each period)

	iShares International Dividend Active ETF <sup>(a)</sup>						
	Six Months Ended 10/31/25 (unaudited)	Period from 06/01/24 to 04/30/25	Year Ended 05/31/24	Year Ended 05/31/23	Year Ended 05/31/22	Year Ended 05/31/21	Period from 10/01/19 to 05/31/20
<b>Net asset value, beginning of period</b> .....	\$ 26.10	\$ 26.62	\$ 23.73	\$ 23.39	\$ 26.28	\$ 20.41	\$ 20.73
Net investment income <sup>(b)</sup> .....	0.24 <sup>(c)</sup>	0.36	0.46	0.62	0.46	0.61	0.30
Net realized and unrealized gain (loss) .....	2.41	(0.21)	2.89	0.41	(1.77)	5.64	(0.29)
Net increase (decrease) from investment operations .....	2.65	0.15	3.35	1.03	(1.31)	6.25	0.01
<b>Distributions<sup>(d)</sup></b>							
From net investment income .....	(0.38) <sup>(e)</sup>	(0.38)	(0.46)	(0.31)	(0.57)	(0.38)	(0.28)
From net realized gain .....	—	(0.29)	—	(0.38)	(1.01)	—	(0.05)
Total distributions .....	(0.38)	(0.67)	(0.46)	(0.69)	(1.58)	(0.38)	(0.33)
<b>Net asset value, end of period</b> .....	\$ 28.37	\$ 26.10	\$ 26.62	\$ 23.73	\$ 23.39	\$ 26.28	\$ 20.41
<b>Total Return<sup>(f)</sup></b>							
Based on net asset value .....	10.22% <sup>(c)(g)</sup>	0.54% <sup>(g)</sup>	14.35%	4.81%	(5.23)%	30.98%	0.08% <sup>(g)</sup>
<b>Ratios to Average Net Assets<sup>(h)</sup></b>							
Total expenses .....	0.60% <sup>(i)</sup>	0.75% <sup>(i)(k)</sup>	0.87%	1.07%	1.18%	1.13%	1.17% <sup>(i)(l)</sup>
Total expenses after fees waived and/or reimbursed .....	0.60% <sup>(i)</sup>	0.65% <sup>(i)(k)</sup>	0.67%	0.84%	0.87%	0.84%	0.84% <sup>(i)(l)</sup>
Net investment income .....	1.71% <sup>(c)(i)</sup>	1.50% <sup>(i)</sup>	1.88%	2.71%	1.85%	2.63%	2.23% <sup>(i)(l)</sup>
<b>Supplemental Data</b>							
Net assets, end of period (000) .....	\$ 512,839	\$ 724,370	\$ 519,289	\$ 432,855	\$ 118,637	\$ 101,899	\$ 74,681
Portfolio turnover rate <sup>(m)</sup> .....	31%	59%	71%	34%	50%	83%	29%

<sup>(a)</sup> As of the close of trading on the New York Stock Exchange on November 15, 2024, BlackRock International Dividend Fund was reorganized into the Fund. The activity in the table above is for the accounting survivor, Institutional Shares of BlackRock International Dividend Fund, for the periods prior to the date of the reorganization, and for the post-reorganization combined fund thereafter. The net asset values and other per share information have been restated for periods prior to the reorganization to reflect the share conversion ratio of 1.3833. See Note 1 of the Notes to Financial Statements for information on the Fund's reorganization.

<sup>(b)</sup> Based on average shares outstanding.

<sup>(c)</sup> Reflects the positive effect of foreign withholding tax claims, net of the associated professional fees, which resulted in the following increases for the six months ended October 31, 2025:

. Net investment income per share by \$0.01.

. Total return by 0.07%.

. Ratio of net investment income to average net assets by 0.08%.

<sup>(d)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(e)</sup> A portion of the distributions from net investment income may be deemed a return of capital or net realized gain at fiscal year-end.

<sup>(f)</sup> Where applicable, assumes the reinvestment of distributions.

<sup>(g)</sup> Not annualized.

<sup>(h)</sup> Excludes fees and expenses incurred indirectly as a result of investments in underlying funds.

<sup>(i)</sup> Annualized.

<sup>(j)</sup> Reorganization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses and total expenses after fees waived and/or reimbursed would have been 0.75% and 0.65%, respectively.

<sup>(k)</sup> Includes non-recurring expenses of reorganization costs. Without these costs, total expenses and total expenses after fees waived and/or reimbursed would have been 0.74% and 0.63%, respectively.

<sup>(l)</sup> Audit and printing costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses and total expenses after fees waived and/or reimbursed would have been 1.19% and 0.84%, respectively.

<sup>(m)</sup> Portfolio turnover rate excludes in-kind transactions.

See notes to financial statements.

# Notes to Financial Statements (unaudited)

## 1. ORGANIZATION

BlackRock ETF Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management company. The Trust is organized as a Delaware statutory trust and is authorized to have multiple series or portfolios.

These financial statements relate only to the following fund (the "Fund"):

Fund Name	Diversification Classification
iShares International Dividend Active ETF .....	Diversified

The Fund, together with certain other registered investment companies advised by BlackRock Fund Advisors ("BFA" or the "Manager") or its affiliates, is included in a complex of funds referred to as the BlackRock Multi-Asset Complex.

**Prior Year Reorganization:** The Board of Trustees of BlackRock Funds<sup>SM</sup> (the "Predecessor Board"), on behalf of BlackRock International Dividend Fund (the "Predecessor Fund"), approved an Agreement and Plan of Reorganization (the "Reorganization"), pursuant to which the Predecessor Fund reorganized into the Fund. The Reorganization was completed as of the close of trading on the New York Stock Exchange on November 15, 2024 and was not subject to approval by shareholders of the Predecessor Fund. The Fund has the same investment objective, strategies and policies and portfolio management team as the Predecessor Fund.

The Fund was a newly-formed "shell" fund that had not commenced operations prior to the Reorganization and therefore did not have performance history prior to the Reorganization. The Fund had been organized solely in connection with the Reorganization to acquire all of the assets and assume certain of the liabilities of the Predecessor Fund and continue the business of the Predecessor Fund. In connection with the Reorganization, shareholders of the Predecessor Fund received ETF shares of the Fund equal in value to the number of shares of the Predecessor Fund they owned, including a cash payment in lieu of fractional shares of the Fund, which cash payment may be taxable. After the Reorganization, the Institutional Share class of the Predecessor Fund was the accounting and performance survivor, meaning that the Fund assumed the performance and financial history of the Predecessor Fund upon completion of the Reorganization.

The Reorganization was accomplished by a tax-free exchange of shares of the Fund in the following amounts and at the following conversion ratio:

Predecessor Fund's Share Class	Shares Prior to Reorganization	Conversion Ratio	Shares of the Acquiring Fund
Institutional .....	16,946,665	1.38330000	23,442,320
Investor A .....	2,999,116	1.27104800	3,812,020
Investor C .....	122,995	1.07851600	132,652
Class K .....	2,058,166	1.38354800	2,847,571

The Predecessor Fund's net assets and composition of net assets as of the close of trading on the New York Stock Exchange on November 15, 2024, the valuation date of the Reorganization, were as follows:

Net assets .....	\$755,897,280
Paid-in-capital .....	698,747,368
Accumulated earnings .....	57,149,912

For financial reporting purposes, assets received and shares issued by the Fund were recorded at fair value. However, the cost basis of the investments received from the Predecessor Fund was carried forward to align ongoing reporting of the Fund's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

Prior to the Reorganization, the Fund had not yet commenced operations and had no assets or liabilities. The Predecessor Fund's fair value and cost of financial instruments prior to the Reorganization were as follows:

Predecessor Fund	Fair Value of Investments	Cost of Investments
BlackRock International Dividend Fund .....	\$ 751,175,290	\$ 691,147,013

Prior to the Reorganization, the Predecessor Fund's fiscal year end was May 31 and its independent registered public accounting firm was Deloitte & Touche LLP. The fiscal year end for the Fund is April 30 and its independent registered public accounting firm is PricewaterhouseCoopers LLP.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

**Investment Transactions and Income Recognition:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are executed. Realized gains and losses on investment transactions are determined using the specific identification method. Dividend income and capital gain distributions, if any, are

## Notes to Financial Statements (unaudited) (continued)

recorded on the ex-dividend date. Non-cash dividends, if any, are recorded on the ex-dividend date at fair value. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Fund is informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized daily on an accrual basis.

**Foreign Currency Translation:** The Fund's books and records are maintained in U.S. dollars. Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of trading on the New York Stock Exchange ("NYSE"). Purchases and sales of investments are recorded at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the investments denominated in that currency will lose value; the opposite effect occurs if the U.S. dollar falls in relative value.

The Fund does not isolate the effect of fluctuations in foreign exchange rates from the effect of fluctuations in the market prices of investments for financial reporting purposes. Accordingly, the effects of changes in exchange rates on investments are not segregated in the Statement of Operations from the effects of changes in market prices of those investments, but are included as a component of net realized and unrealized gain (loss) from investments. The Fund reports realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for U.S. federal income tax purposes.

**Foreign Taxes:** The Fund may be subject to foreign taxes (a portion of which may be reclaimable) on income, stock dividends, capital gains on investments, or certain foreign currency transactions. All foreign taxes are recorded in accordance with the applicable foreign tax regulations and rates that exist in the foreign jurisdictions in which the Fund invests. These foreign taxes, if any, are paid by the Fund and are reflected in its Statement of Operations as follows: foreign taxes withheld at source are presented as a reduction of income, foreign taxes on securities lending income are presented as a reduction of securities lending income, foreign taxes on stock dividends are presented as "Foreign taxes withheld", and foreign taxes on capital gains from sales of investments and foreign taxes on foreign currency transactions are included in their respective net realized gain (loss) categories. Foreign taxes payable or deferred as of October 31, 2025, if any, are disclosed in the Statement of Assets and Liabilities.

Consistent with U.S. GAAP accrual requirements, for uncertain tax positions, the Fund recognizes tax reclaims when the Fund determines that it is more likely than not that the Fund will sustain its position that it is due the reclaim.

The Fund files withholding tax reclaims in certain jurisdictions to recover a portion of amounts previously withheld. The Fund may record a reclaim receivable based on collectability, which includes factors such as the jurisdiction's applicable laws, payment history and market convention. The Statement of Operations include tax reclaims recorded as well as professional and other fees, if any, associated with recovery of foreign withholding taxes.

**Cash:** The Fund may maintain cash at its custodian which, at times may exceed United States federally insured limits. The Fund may, at times, have outstanding cash disbursements that exceed deposited cash amounts at the custodian during the reporting period. The Fund is obligated to repay the custodian for any overdraft, including any related costs or expenses, where applicable. For financial reporting purposes, overdraft fees, if any, are included in interest expense in the Statement of Operations.

**In-kind Redemptions:** For financial reporting purposes, in-kind redemptions are treated as sales of securities resulting in realized capital gains or losses to the Fund. Because such gains or losses are not taxable to the Fund and are not distributed to existing Fund shareholders, the gains or losses are reclassified from accumulated net realized gain (loss) to paid-in capital at the end of the Fund's tax year. These reclassifications have no effect on net assets or net asset value ("NAV") per share.

**Distributions:** Dividends and distributions paid by the Fund are recorded on the ex-dividend dates. Distributions are determined on a tax basis and may differ from net investment income and net realized capital gains for financial reporting purposes. Dividends and distributions are paid in U.S. dollars and cannot be automatically reinvested in additional shares of the Fund.

**Reorganization Costs:** Certain costs incurred in connection with the Reorganization were expensed by the Predecessor Fund.

**Indemnifications:** In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification. The Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against the Fund, which cannot be predicted with any certainty.

**Segment Reporting:** The Chief Financial Officer acts as the Fund's Chief Operating Decision Maker ("CODM") and is responsible for assessing performance and allocating resources with respect to the Fund. The CODM has concluded that the Fund operates as a single operating segment since the Fund has a single investment strategy as disclosed in its prospectus, against which the CODM assesses performance. The financial information provided to and reviewed by the CODM is presented within the Fund's financial statements.

### 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

**Investment Valuation Policies:** The Fund's investments are valued at fair value (also referred to as "market value" within the financial statements) each day that the Fund's listing exchange is open and, for financial reporting purposes, as of the report date. U.S. GAAP defines fair value as the price a fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Board of Trustees of the Trust (the "Board") of the Fund has approved the designation of BFA, the Fund's investment adviser, as the valuation designee for the Fund. The Fund determines the fair values of its financial instruments using various independent dealers or pricing services under BFA's policies. If a security's market price is not readily available or does not otherwise accurately represent the fair value of the security, the security will be valued in accordance with BFA's policies and procedures as reflecting fair value. BFA has formed a committee (the "Valuation Committee") to develop pricing policies and procedures and to oversee the pricing function for all financial instruments, with assistance from other BlackRock pricing committees.

## Notes to Financial Statements (unaudited) (continued)

**Fair Value Inputs and Methodologies:** The following methods and inputs are used to establish the fair value of the Fund's assets and liabilities:

- Equity investments traded on a recognized securities exchange are valued at that day's official closing price, as applicable, on the exchange where the stock is primarily traded. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last traded price.
- Investments in open-end U.S. mutual funds (including money market funds) are valued at that day's NAV.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of trading on the NYSE. Each business day, the Fund uses current market factors supplied by independent pricing services to value certain foreign instruments ("Systematic Fair Value Price"). The Systematic Fair Value Price is designed to value such foreign securities at fair value as of the close of trading on the NYSE, which occurs after the close of the local markets.

If events (e.g., market volatility, company announcement or a natural disaster) occur that are expected to materially affect the value of such investment, or in the event that application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Valuation Committee in accordance with BFA's policies and procedures as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Valuation Committee include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Valuation Committee seeks to determine the price that the Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Valuation Committee deems relevant and consistent with the principles of fair value measurement as of the measurement date.

For investments in equity or debt issued by privately held companies or funds ("Private Company" or collectively, the "Private Companies") and other Fair Valued Investments, the fair valuation approaches that are used by the Valuation Committee and third-party pricing services utilized by the Valuation Committee include one or a combination of, but not limited to, the following inputs:

- (i) recent market transactions, including secondary market transactions, merger or acquisition activity and subsequent rounds of financing in the underlying investment or comparable issuers
- (ii) recapitalizations and other transactions across the capital structure
- (iii) market or relevant indices multiples of comparable issuers
- (iv) future cash flows discounted to present and adjusted as appropriate for liquidity, credit, and/or market risks
- (v) quoted prices for similar investments or assets in active markets
- (vi) other risk factors, such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates
- (vii) audited or unaudited financial statements, investor communications and Private Company financial or operational metrics
- (viii) relevant market news and other public sources.

Investments in series of preferred stock issued by Private Companies are typically valued utilizing a market approach to determine the enterprise value of the company. Such investments often contain rights and preferences that differ from other series of preferred and common stock of the same issuer. Enterprise valuation techniques such as an option pricing model ("OPM"), a probability weighted expected return model ("PWERM"), current value method or a hybrid of those techniques are used as deemed appropriate under the circumstances. The use of these valuation techniques involves a determination of the exit scenarios of the investment in order to appropriately allocate the enterprise value of the company among the various parts of its capital structure.

Private Companies are not subject to public company disclosure, timing, and reporting standards applicable to other investments held by the Fund. Certain information made available by a Private Company is as of a date that is earlier than the date the Fund is calculating its NAV. This factor may result in a difference between the value of the investment and the price the Fund could receive upon the sale of the investment.

**Fair Value Hierarchy:** Various inputs are used in determining the fair value of financial instruments at the measurement date. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

- Level 1 – Unadjusted price quotations in active markets/exchanges that the Fund has the ability to access for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs that are unobservable and significant to the entire fair value measurement for the asset or liability (including the Valuation Committee's assumptions used in determining the fair value of financial instruments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable

## Notes to Financial Statements (unaudited) (continued)

inputs used by the Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by Private Companies that may not have a secondary market and/or may have a limited number of investors. The categorization of a value determined for financial instruments is based on the pricing transparency of the financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

### 4. SECURITIES AND OTHER INVESTMENTS

**Securities Lending:** The Fund may lend its securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund collateral consisting of cash, an irrevocable letter of credit issued by an approved bank, or securities issued or guaranteed by the U.S. government. The initial collateral received by the Fund is required to have a value of at least 102% of the current market value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current market value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Fund and any additional required collateral is delivered to the Fund, or excess collateral is returned by the Fund, on the next business day. During the term of the loan, the Fund is entitled to all distributions made on or in respect of the loaned securities, but does not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

As of period end, any securities on loan were collateralized by cash and/or U.S. Government obligations. Cash collateral invested in money market funds managed by BFA, or its affiliates, is disclosed in the Schedule of Investments. Any non-cash collateral received cannot be sold, re-invested or pledged by the Fund, except in the event of borrower default. The securities on loan, if any, are also disclosed in the Fund's Schedule of Investments. The market value of any securities on loan and the value of any related cash collateral are disclosed in the Statement of Assets and Liabilities.

Securities lending transactions are entered into by the Fund under Master Securities Lending Agreements (each, an "MSLA") which provide the right, in the event of default (including bankruptcy or insolvency) for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional collateral. In the event that a borrower defaults, the Fund, as lender, would offset the market value of the collateral received against the market value of the securities loaned. When the value of the collateral is greater than that of the market value of the securities loaned, the lender is left with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, absent an event of default, the borrower can resell or re-pledge the loaned securities, and the Fund can reinvest cash collateral received in connection with loaned securities. Upon an event of default, the parties' obligations to return the securities or collateral to the other party are extinguished, and the parties can resell or re-pledge the loaned securities or the collateral received in connection with the loaned securities in order to satisfy the defaulting party's net payment obligation for all transactions under the MSLA. The defaulting party remains liable for any deficiency.

As of period end, the following table is a summary of the Fund's securities on loan by counterparty which are subject to offset under an MSLA:

Counterparty	Securities Loaned at Value	Cash Collateral Received <sup>(a)</sup>	Non-Cash Collateral Received, at Fair Value <sup>(a)</sup>	Net Amount
Wells Fargo Bank N.A. ....	\$ 2,238,396	\$ (2,238,396)	\$ —	\$ —
Wells Fargo Securities LLC .....	651,960	(651,960)	—	—
	<u>\$ 2,890,356</u>	<u>\$ (2,890,356)</u>	<u>\$ —</u>	<u>\$ —</u>

<sup>(a)</sup> Collateral received, if any, in excess of the market value of securities on loan is not presented in this table. The total cash collateral received by the Fund is disclosed in the Fund's Statement of Assets and Liabilities.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Fund benefits from a borrower default indemnity provided by BlackRock Finance, Inc. BlackRock Finance, Inc.'s indemnity allows for full replacement of the securities loaned to the extent the collateral received does not cover the value of the securities loaned in the event of borrower default. The Fund could incur a loss if the value of an investment purchased with cash collateral falls below the market value of the loaned securities or if the value of an investment purchased with cash collateral falls below the value of the original cash collateral received. Such losses are borne entirely by the Fund.

### 5. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

**Investment Advisory Fees:** Pursuant to an Investment Advisory Agreement with the Trust, BFA manages the investment of the Fund's assets. BFA is a California corporation indirectly owned by BlackRock, Inc. ("BlackRock"). Under the Investment Advisory Agreement, BFA is responsible for substantially all expenses of the Fund, except (i) interest and taxes; (ii) brokerage commissions and other expenses connected with the execution of portfolio transactions; (iii) distribution fees; (iv) the advisory fee payable to BFA; and (v) litigation expenses and any extraordinary expenses (in each case as determined by a majority of the independent trustees).

For its investment advisory services to the Fund, BFA will be paid a management fee from the Fund, based on a percentage of the Fund's average daily net assets as follows:

Average Daily Net Assets	Investment Advisory Fees
First \$1 billion .....	0.60%
\$1 billion - \$3 billion .....	0.56
\$3 billion - \$5 billion .....	0.54
\$5 billion - \$10 billion .....	0.52
Greater than \$10 billion .....	0.51

## Notes to Financial Statements (unaudited) (continued)

**Expense Waivers:** BFA has contractually agreed to waive a portion of its management fees to the Fund in an amount equal to the aggregate Acquired Fund Fees and Expenses, if any, attributable to investments by the Fund in other equity and fixed-income mutual funds and ETFs advised by BFA or its affiliates through June 30, 2027. BFA has also contractually agreed to waive a portion of its management fees to the Fund by an amount equal to the aggregate Acquired Fund Fees and Expenses, if any, attributable to investments by the Fund in money market funds advised by BFA or its affiliates through June 30, 2027. The agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of the Trust or by a vote of a majority of the outstanding voting securities of the Fund. For the six months ended October 31, 2025, the amount waived in investment advisory fees pursuant to these arrangements was \$2,634.

**Sub-Adviser:** BFA has entered into a sub-advisory agreement with BlackRock International Limited (the "Sub-Adviser" or "BIL"), an affiliate of BFA, under which BFA pays the Sub-Adviser for services it provides to the Fund.

**Distributor:** BlackRock Investments, LLC ("BRIL"), an affiliate of BFA, is the distributor for the Fund. Pursuant to the distribution agreement, BFA is responsible for any fees or expenses for distribution services provided to the Fund.

**ETF Servicing Fees:** The Fund has entered into an ETF Services Agreement with BRIL to perform certain order processing, Authorized Participant communications, and related services in connection with the issuance and redemption of Creation Units ("ETF Services"). BRIL is entitled to a transaction fee from Authorized Participants on each creation or redemption order for the ETF Services provided. The Fund does not pay BRIL for ETF Services.

**Securities Lending:** The U.S. Securities and Exchange Commission ("SEC") has issued an exemptive order which permits BlackRock Institutional Trust Company, N.A. ("BTC"), an affiliate of BFA, to serve as securities lending agent for the Fund, subject to applicable conditions. As securities lending agent, BTC bears all operational costs directly related to securities lending, including any custodial costs. The Fund is responsible for fees in connection with the investment of cash collateral received for securities on loan (the "collateral investment fees"). The cash collateral is invested in a money market fund, BlackRock Cash Funds: Institutional or BlackRock Cash Funds: Treasury, managed by BFA, or its affiliates. However, BTC has agreed to reduce the amount of securities lending income it receives in order to effectively limit the collateral investment fees the Fund bears to an annual rate of 0.04%. The SL Agency Shares of such money market fund will not be subject to a sales load, distribution fee or service fee. BlackRock Cash Funds: Institutional may impose a discretionary liquidity fee of up to 2% on all redemptions. Discretionary liquidity fees may be imposed or terminated at any time at the discretion of the board of directors of the money market fund, or its delegate, if it is determined that such fee would be, or would not be, respectively, in the best interest of the money market fund. Additionally, BlackRock Cash Funds: Institutional will impose a mandatory liquidity fee if the money market fund's total net redemptions on a single day exceed 5% of the money market fund's net assets, unless the amount of the fee is less than 0.01% of the value of the shares redeemed. BlackRock Cash Funds: Institutional will determine the size of the mandatory liquidity fee by making a good faith estimate of certain costs the money market fund would incur if it were to sell a pro rata amount of each security in the portfolio to satisfy the amount of net redemptions on that day. There is no limit to the size of a mandatory liquidity fee. If BlackRock Cash Funds: Institutional cannot estimate the costs of selling a pro rata amount of each portfolio security in good faith and supported by data, it is required to apply a default liquidity fee of 1% on the value of shares redeemed on that day.

Securities lending income is generally equal to the total of income earned from the reinvestment of cash collateral (and excludes collateral investment fees), and any fees or other payments to and from borrowers of securities. The Fund retains a portion of the securities lending income and remits the remaining portion to BTC as compensation for its services as securities lending agent.

Pursuant to the current securities lending agreement, the Fund retains 82% of securities lending income (which excludes collateral investment fees), and the amount retained can never be less than 70% of the total of securities lending income plus the collateral investment fees.

In addition, commencing the business day following the date that the aggregate securities lending income plus the collateral investment fees generated across the BlackRock Multi-Asset Complex in that calendar year exceeds a specified threshold, the Fund, pursuant to the securities lending agreement, will retain for the remainder of that calendar year 85% of securities lending income (which excludes collateral investment fees), and the amount retained can never be less than 70% of the total of securities lending income plus the collateral investment fees.

The share of securities lending income earned by the Fund is shown as securities lending income — affiliated — net in the Statement of Operations. For the six months ended October 31, 2025, the Fund paid BTC \$1,489 for securities lending agent services.

**Trustees and Officers:** Certain officers and/or trustees of the Trust are officers and/or trustees of BlackRock or its affiliates.

**Other Transactions:** The Fund may invest its positive cash balances in certain money market funds managed by BFA or an affiliate. The income earned on these temporary cash investments is shown as dividends – affiliated in the Statements of Operations.

## 6. PURCHASES AND SALES

For the six months ended October 31, 2025, purchases and sales of investments, excluding short-term securities and in-kind transactions, were \$205,501,657 and \$258,261,800, respectively.

For the six months ended October 31, 2025, purchases and sales related to in-kind transactions were \$3,610,496 and \$218,022,438, respectively.

## 7. INCOME TAX INFORMATION

The Fund is treated as an entity separate from the Trust's other funds for federal income tax purposes. It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

## Notes to Financial Statements (unaudited) (continued)

Management has analyzed tax laws and regulations and their application to the Fund as of October 31, 2025, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Fund's financial statements. Management's analysis is based on the tax laws and judicial and administrative interpretations thereof in effect as of the date of these financial statements, all of which are subject to change, possibly with retroactive effect, which may impact the Fund's NAV.

As of April 30, 2025, the Fund had qualified late-year losses as follows:

<i>Fund Name</i>	<i>Qualified Late-Year Capital Losses<sup>(a)</sup></i>
iShares International Dividend Active ETF .....	\$ (6,774,145)

<sup>(a)</sup> The Fund has elected to defer these qualified late-year losses and recognize such losses in the next taxable year.

As of October 31, 2025, gross unrealized appreciation and depreciation based on cost of investments (including short positions and derivatives, if any) for U.S. federal income tax purposes were as follows:

<i>Fund Name</i>	<i>Tax Cost</i>	<i>Gross Unrealized Appreciation</i>	<i>Gross Unrealized Depreciation</i>	<i>Net Unrealized Appreciation (Depreciation)</i>
iShares International Dividend Active ETF .....	\$ 436,069,665	\$ 99,410,682	\$ (20,614,355)	\$ 78,796,327

## 8. BANK BORROWINGS

The Trust, on behalf of the Fund along with certain other funds managed by the Manager and its affiliates ("Participating Funds"), is party to a 364-day, \$2.40 billion credit agreement with a group of lenders. Under this agreement, the Fund may borrow to fund shareholder redemptions. Excluding commitments designated for certain individual funds, the Participating Funds, including the Fund, can borrow up to an aggregate commitment amount of \$1.75 billion at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit agreement has the following terms: a fee of 0.10% per annum on unused commitment amounts and interest at a rate equal to the higher of (a) one-month Overnight Bank Fund Rate ("OBFR") (but, in any event, not less than 0.00%) on the date the loan is made plus 0.80% per annum, (b) the Fed Funds rate (but, in any event, not less than 0.00%) in effect from time to time plus 0.80% per annum on amounts borrowed or (c) the sum of (x) Daily Simple Secured Overnight Financing Rate ("SOFR") (but, in any event, not less than 0.00%) on the date loan is made plus 0.10% and (y) 0.80% per annum. The agreement expires in April 2026 unless extended or renewed. These fees were allocated among such funds based upon portions of the aggregate commitment available to them and relative net assets of Participating Funds. For the six months ended October 31, 2025, the Fund did not borrow under the credit agreement.

## 9. PRINCIPAL RISKS

In the normal course of business, the Fund invests in securities or other instruments and may enter into certain transactions, and such activities subject the Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation, tariffs or international tax treaties between various countries; or (iv) currency, interest rate or price fluctuations. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Fund and its investments. The Fund's prospectus provides details of the risks to which the Fund is subject.

The Fund may be exposed to additional risks when reinvesting cash collateral in money market funds that do not seek to maintain a stable NAV per share of \$1.00, which may be subject to mandatory and discretionary liquidity fees under certain circumstances.

**Valuation Risk:** The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. The Fund may invest in illiquid investments. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. The Fund may experience difficulty in selling illiquid investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause the Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests. The Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third-party service providers.

The price the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation technique or a price provided by an independent pricing service. Changes to significant unobservable inputs and assumptions (i.e., publicly traded company multiples, growth rate, time to exit) due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment.

**Counterparty Credit Risk:** The Fund may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions, including making timely interest and/or principal payments or otherwise honoring its obligations. The Fund manages counterparty credit risk by

## Notes to Financial Statements (unaudited) (continued)

entering into transactions only with counterparties that BFA believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Fund to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund's exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statement of Assets and Liabilities, less any collateral held by the Fund.

**Geographic/Asset Class Risk:** A diversified portfolio, where this is appropriate and consistent with a fund's objectives, minimizes the risk that a price change of a particular investment will have a material impact on the NAV of a fund. The investment concentrations within the Fund's portfolio are disclosed in its Schedule of Investments.

The Fund invests a significant portion of its assets in securities of issuers located in Europe or with significant exposure to European issuers or countries. The European financial markets have recently experienced volatility and adverse trends due to concerns about economic downturns in, or rising government debt levels of, several European countries as well as acts of war in the region. These events may spread to other countries in Europe and may affect the value and liquidity of certain of the Fund's investments.

Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. The United Kingdom has withdrawn from the European Union, and one or more other countries may withdraw from the European Union and/or abandon the Euro, the common currency of the European Union. These events and actions have adversely affected, and may in the future adversely affect, the value and exchange rate of the Euro and may continue to significantly affect the economies of every country in Europe, including countries that do not use the Euro and non-European Union member states. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far reaching. In addition, Russia launched a large-scale invasion of Ukraine on February 24, 2022. The extent and duration of the military action, resulting sanctions and resulting future market disruptions in the region are impossible to predict, but have been, and may continue to be, significant and have a severe adverse effect on the region, including significant negative impacts on the economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors.

**Significant Shareholder Redemption Risk:** Certain shareholders may own or manage a substantial amount of fund shares and/or hold their fund investments for a limited period of time. Large redemptions of fund shares by these shareholders may force a fund to sell portfolio securities, which may negatively impact the fund's NAV, increase the fund's brokerage costs, and/or accelerate the realization of taxable income/gains and cause the fund to make additional taxable distributions to shareholders.

### 10. CAPITAL SHARE TRANSACTIONS

Capital shares are issued and redeemed by the Fund only in aggregations of a specified number of shares or multiples thereof ("Creation Units") at NAV. Except when aggregated in Creation Units, shares of the Fund are not redeemable. Transactions in capital shares were as follows:

<i>Fund Name / Share Class</i>	Six Months Ended 10/31/25		Period from 11/16/24 to 04/30/25	
	<i>Shares</i>	<i>Amounts</i>	<i>Shares</i>	<i>Amounts</i>
iShares International Dividend Active ETF <sup>(a)</sup>				
Fund				
Shares sold .....	160,000	\$ 4,394,961	880,000	\$ 21,511,366
Shares issued in reorganization .....	—	—	30,234,563	755,864,075
Shares redeemed .....	(9,840,000)	(274,336,470)	(3,360,000)	(85,601,762)
	<u>(9,680,000)</u>	<u>\$ (269,941,509)</u>	<u>27,754,563</u>	<u>\$ 691,773,679</u>

<i>Predecessor Fund Name / Share Class</i>	Period from 06/01/24 to 11/15/24		Year Ended 05/31/24	
	<i>Shares</i>	<i>Amounts</i>	<i>Shares</i>	<i>Amounts</i>
BlackRock International Dividend Fund <sup>(a)</sup>				
Institutional				
Shares sold .....	6,442,616	\$ 237,355,331	9,816,189	\$ 328,663,471
Shares issued in reinvestment of distributions .....	151,435	5,624,256	272,838	9,209,734
Shares redeemed .....	(3,745,784)	(136,960,760)	(9,178,188)	(307,341,218)
Shares converted in reorganization .....	(16,946,665)	(586,057,990)	—	—
	<u>(14,098,398)</u>	<u>\$ (480,039,163)</u>	<u>910,839</u>	<u>\$ 30,531,987</u>
Investor A				
Shares sold .....	303,416	\$ 10,385,466	701,634	\$ 21,794,880
Shares issued in reinvestment of distributions .....	40,866	1,395,129	72,025	2,243,948
Shares redeemed .....	(1,272,543)	(42,144,443)	(858,667)	(26,686,177)
Shares converted in reorganization .....	(2,999,116)	(95,300,555)	—	—
	<u>(3,927,377)</u>	<u>\$ (125,664,403)</u>	<u>(85,008)</u>	<u>\$ (2,647,349)</u>

# Notes to Financial Statements (unaudited) (continued)

<i>Predecessor Fund Name / Share Class (continued)</i>	Period from 06/01/24 to 11/15/24		Year Ended 05/31/24	
	<i>Shares</i>	<i>Amounts</i>	<i>Shares</i>	<i>Amounts</i>
BlackRock International Dividend Fund <sup>(a)</sup> (continued)				
Investor C				
Shares sold .....	13,744	\$ 397,491	31,067	\$ 825,606
Shares issued in reinvestment of distributions .....	1,476	42,891	2,372	63,357
Shares redeemed and automatic conversion of shares .....	(37,179)	(1,057,298)	(63,264)	(1,695,558)
Shares converted in reorganization .....	(122,995)	(3,316,305)	—	—
	<u>(144,954)</u>	<u>\$ (3,933,221)</u>	<u>(29,825)</u>	<u>\$ (806,595)</u>
Class K				
Shares sold .....	231,184	\$ 8,557,168	1,250,900	\$ 42,132,615
Shares issued in reinvestment of distributions .....	23,810	884,000	40,417	1,364,927
Shares redeemed .....	(348,651)	(12,646,123)	(977,770)	(33,650,336)
Shares converted in reorganization .....	(2,058,166)	(71,189,225)	—	—
	<u>(2,151,823)</u>	<u>\$ (74,394,180)</u>	<u>313,547</u>	<u>\$ 9,847,206</u>
	<u>29,558,953</u>	<u>\$ 763,606,787</u>	<u>1,109,553</u>	<u>\$ 36,925,249</u>

<sup>(a)</sup> See Note 1 of the Notes to Financial Statements for information on the Fund's reorganization.

The consideration for the purchase of Creation Units of a fund in the Trust generally consists of the in-kind deposit of a designated portfolio of securities and a specified amount of cash. Certain funds in the Trust may be offered in Creation Units solely or partially for cash in U.S. dollars. Authorized Participants purchasing and redeeming Creation Units may pay a purchase transaction fee and a redemption transaction fee directly to State Street Bank and Trust Company, the Trust's administrator, to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units, including Creation Units for cash. Authorized Participants transacting in Creation Units for cash may also pay an additional variable charge to compensate the relevant fund for certain transaction costs (i.e., stamp taxes, taxes on currency or other financial transactions, and brokerage costs) and market impact expenses relating to investing in portfolio securities. Such variable charges, if any, are included in shares sold in the table above.

To the extent applicable, to facilitate the timely settlement of orders for the Fund using a clearing facility outside of the continuous net settlement process, the Fund, at its sole discretion, may permit an Authorized Participant to post cash as collateral in anticipation of the delivery of all or a portion of the applicable Deposit Securities or Fund Securities, as further described in the applicable Authorized Participant Agreement. The collateral process is subject to a Control Agreement among the Authorized Participant, the Fund's custodian, and the Fund. In the event that the Authorized Participant fails to deliver all or a portion of the applicable Deposit Securities or Fund Securities, the Fund may exercise control over such collateral pursuant to the terms of the Control Agreement in order to purchase the applicable Deposit Securities or Fund Securities.

From time to time, settlement of securities related to in-kind contributions or in-kind redemptions may be delayed. In such cases, securities related to in-kind transactions are reflected as a receivable or a payable in the Statement of Assets and Liabilities.

## 11. FOREIGN WITHHOLDINGS TAX CLAIMS

The Internal Revenue Service ("IRS") has issued guidance to address U.S. income tax liabilities attributable to fund shareholders resulting from the recovery of foreign taxes withheld in prior calendar years. These withheld foreign taxes were passed through to shareholders in the form of foreign tax credits in the year the taxes were withheld. Assuming there are sufficient foreign taxes paid which the Fund is able to pass through to shareholders as a foreign tax credit in the current year, the Fund will be able to offset the prior years' withholding taxes recovered against the foreign taxes paid in the current year. Accordingly, no federal income tax liability is recorded by the Fund.

Certain of the outstanding foreign tax reclaims are not deemed by the Fund to meet the recognition criteria under U.S. GAAP as of October 31, 2025 and have not been recorded in the applicable Fund's net asset value. The recognition by the Fund of these amounts would have a positive impact on the applicable Fund's performance. If a Fund receives a tax refund that has not been previously recorded, investors in the Fund at the time the claim is successful will benefit from any resulting increase in the Fund's NAV. Investors who sold their shares prior to such time will not benefit from such NAV increase.

During the period, the Fund filed a closing agreement with the IRS related to the recovery of foreign taxes received in fiscal year 2023, and the related tax compliance fee, including interest, was paid to the IRS.

## 12. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were available to be issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statements.

## Additional Information

### Electronic Delivery

Shareholders can sign up for e-mail notifications announcing that the shareholder report or prospectus has been posted on the iShares website at [iShares.com](https://www.ishares.com). Once you have enrolled, you will no longer receive prospectuses and shareholder reports in the mail.

To enroll in electronic delivery:

- Go to [icsdelivery.com](https://www.icsdelivery.com).
- If your brokerage firm is not listed, electronic delivery may not be available. Please contact your broker-dealer or financial advisor.

### Changes in and Disagreements with Accountants

Not applicable.

### Proxy Results

Not applicable.

### Remuneration Paid to Trustees, Officers, and Others

Because BFA has agreed in the Investment Advisory Agreements to cover all operating expenses of the Funds, subject to certain exclusions as provided for therein, BFA pays the compensation to each independent trustee for services to the Funds from BFA's investment management fees.

### Availability of Portfolio Holdings Information

A description of the Trust's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the Fund Prospectus. The Fund discloses its portfolio holdings daily and provides information regarding its top holdings in Fund fact sheets, when available, at [iShares.com](https://www.ishares.com).

### Fund and Service Providers

#### Investment Adviser

BlackRock Fund Advisors  
San Francisco, CA 94105

#### Sub-Adviser

BlackRock International Limited  
Edinburgh, EH3 8BL  
United Kingdom

#### Administrator, Custodian and Transfer Agent

State Street Bank and Trust Company  
Boston, MA 02114

#### Distributor

BlackRock Investments, LLC  
New York, NY 10001

#### Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
Philadelphia, PA 19103

#### Legal Counsel

Ropes & Gray LLP  
New York, NY 10036

#### Address of the Fund

100 Bellevue Parkway  
Wilmington, DE 19809

# Disclosure of Investment Advisory Agreement and Sub-Advisory Agreement

## iShares International Dividend Active ETF

The Board of Trustees (the “Board”, the members of which are referred to as “Board Members”) of BlackRock ETF Trust (the “Trust”) met on April 22, 2025 (the “April Meeting”) and May 20-21, 2025 (the “May Meeting”) to consider the approval to continue the investment advisory agreement (the “Advisory Agreement”) between the Trust, on behalf of iShares International Dividend Active ETF (the “Fund”), and BlackRock Fund Advisors (the “Manager”), the Fund’s investment advisor. The Board also considered the approval to continue the sub-advisory agreement (the “Sub-Advisory Agreement”) between the Manager and BlackRock International Limited (the “Sub-Advisor”), with respect to the Fund. The Manager and the Sub-Advisor are referred to herein as “BlackRock”. The Advisory Agreement and the Sub-Advisory Agreement are referred to herein as the “Agreements”.

### The Approval Process

Consistent with the requirements of the Investment Company Act of 1940 (the “1940 Act”), the Board considers the approval of the continuation of the Agreements for the Fund on an annual basis. The Board Members who are not “interested persons” of the Trust, as defined in the 1940 Act, are considered independent Board Members (the “Independent Board Members”). The Board’s consideration entailed a year-long deliberative process during which the Board and its committees assessed BlackRock’s various services to the Fund, including through the review of written materials and oral presentations, and the review of additional information provided in response to requests from the Independent Board Members. The Board had four quarterly meetings per year, as well as numerous ad hoc meetings and executive sessions throughout the year, as needed. The committees of the Board similarly met throughout the year. The Board also held the April Meeting to consider specific information regarding the renewal of the Agreements. In considering the renewal of the Agreements, the Board assessed, among other things, the nature, extent and quality of the services provided to the Fund by BlackRock, BlackRock’s personnel and affiliates, including (as applicable): investment management services; accounting oversight; administrative and shareholder services; oversight of the Fund’s service providers; risk management and oversight; and legal, regulatory and compliance services. Throughout the year, including during the contract renewal process, the Independent Board Members were advised by independent legal counsel, and met with independent legal counsel in various executive sessions outside of the presence of BlackRock’s management.

During the year, the Board, acting directly and through its committees, considered information that was relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Fund and its shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year, and/or since inception periods, as applicable, against peer funds, relevant benchmarks, and other performance metrics, as applicable, as well as BlackRock senior management’s and portfolio managers’ investment performance analyses, and the reasons for any outperformance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Fund for services; (c) Fund operating expenses and how BlackRock allocates expenses to the Fund; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Fund’s investment objective, policies and restrictions, and meeting regulatory requirements; (e) BlackRock’s and the Fund’s adherence to applicable compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services, as applicable; (g) BlackRock’s and other service providers’ internal controls and risk and compliance oversight mechanisms; (h) BlackRock’s implementation of the proxy voting policies approved by the Board; (i) the use of brokerage commissions and execution quality of portfolio transactions; (j) BlackRock’s implementation of the Fund’s valuation and liquidity procedures; (k) an analysis of management fees paid to BlackRock for products with similar investment mandates across the open-end fund, exchange-traded fund (“ETF”), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to the Fund; (l) BlackRock’s compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals’ investments in the fund(s) they manage; and (m) periodic updates on BlackRock’s business.

Prior to and in preparation for the April Meeting, the Board received and reviewed materials specifically relating to the renewal of the Agreements. The Independent Board Members continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to the Board to better assist its deliberations. The materials provided in connection with the April Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. (“Broadridge”), based on either a Lipper classification or Morningstar category, regarding the Fund’s fees and expenses as compared with a peer group of funds as determined by Broadridge (“Expense Peers”) and the investment performance of the Fund as compared with a peer group of funds (“Performance Peers”); (b) information on the composition of the Expense Peers and Performance Peers and a description of Broadridge’s methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts, sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts, under similar investment mandates, as well as the performance of such other products, as applicable; (e) a review of non-management fees; (f) the existence, impact and sharing of potential economies of scale, if any, with the Fund; (g) a summary of aggregate amounts paid by the Fund to BlackRock; (h) sales and redemption data regarding the Fund’s shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock’s and the Fund’s operations.

At the April Meeting, the Board reviewed materials relating to its consideration of the Agreements and the Independent Board Members presented BlackRock with questions and requests for additional information. BlackRock responded to these questions and requests with additional written information in advance of the May Meeting, and such responses were reviewed by the Board Members.

At the May Meeting, the Board concluded its assessment of, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Fund as compared to its Performance Peers and to other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with the Fund; (d) the Fund’s fees and expenses compared to its Expense Peers; (e) the existence and sharing of potential economies of scale; (f) any fall-out benefits to BlackRock and its affiliates as a result of BlackRock’s relationship with the Fund; and (g) other factors deemed relevant by the Board Members.

# Disclosure of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates relating to securities lending and cash management, and BlackRock's services related to the valuation and pricing of Fund portfolio holdings. The Board noted the willingness of BlackRock's personnel to engage in open, candid discussions with the Board. The Board evaluated the information available to it on a fund-by-fund basis. The following paragraphs provide more information about some of the primary factors that were relevant to the Board's decision. The Board Members did not identify any particular information, or any single factor as determinative, and each Board Member may have attributed different weights to the various items and factors considered.

## **A. Nature, Extent and Quality of the Services Provided by BlackRock**

The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services, and the resulting performance of the Fund. Throughout the year, the Board compared Fund performance to the performance of a comparable group of mutual funds, relevant benchmarks, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by the Fund's portfolio management team discussing the Fund's performance, investment strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the experience of the Fund's portfolio management team; research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of certain trading, portfolio management, operations and/or information systems owned by BlackRock; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to the Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the nature and quality of the administrative and other non-investment advisory services provided to the Fund. BlackRock and its affiliates provide the Fund with certain administrative, shareholder and other services (in addition to any such services provided to the Fund by third parties) and officers and other personnel as are necessary for the operations of the Fund. In particular, BlackRock and its affiliates provide the Fund with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of third-party service providers including, among others, the Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing or managing administrative functions necessary for the operation of the Fund, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing the Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations. The Board also considered the operation of BlackRock's business continuity plans.

The Board noted that the engagement of the Sub-Advisor with respect to the Fund facilitates the provision of investment advice and trading by investment personnel out of non-U.S. jurisdictions. The Board considered that this arrangement provides additional flexibility to the portfolio management team, which may benefit the Fund and its shareholders.

## **B. The Investment Performance of the Fund**

The Board, including the Independent Board Members, reviewed and considered the performance history of the Fund throughout the year and at the April Meeting. The Board was provided with Fund performance reporting and analysis, relative to applicable performance metrics, by BlackRock throughout the year and at the April meeting. In preparation for the April Meeting, the Board was also provided with reports independently prepared by Broadridge, which included an analysis of the Fund's performance as of December 31, 2024, as compared to its Performance Peers. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of the Fund as compared to its Performance Peers. The Board and its Performance Oversight Committee regularly review and meet with Fund management to discuss the performance of the Fund throughout the year.

The Board noted that while it found the data provided by Broadridge generally useful, it recognized the limitations of such data, including in particular, that notable differences may exist between a fund and its Performance Peers (for example, the investment objectives and strategies). Further, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. The Board also acknowledged that long-term performance could be impacted by even one period of significant outperformance or underperformance, and that a single investment theme could have the ability to disproportionately affect long-term performance.

The Board noted that for the one-, three- and five-year periods reported, the Fund ranked in the fourth, first and first quartiles, respectively, against its Performance Peers. The Board and BlackRock reviewed the Fund's underperformance relative to its Performance Peers during the applicable period.

## **C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with the Fund**

The Board, including the Independent Board Members, reviewed the Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared the Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non-12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers, and the actual management fee rate gives effect to any management fee reimbursements or waivers. The Board considered that the fee and expense information in the Broadridge report

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

for the Fund reflected information for a specific period and that historical asset levels and expenses may differ from current levels, particularly in a period of market volatility. The Board also noted that while it found the expense comparison provided by Broadridge generally useful, it recognized that the comparison is subject to Broadridge's defined peer selection criteria and methodology. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Fund. The Board reviewed BlackRock's estimated profitability with respect to the Fund and other funds the Board currently oversees for the year ended December 31, 2024 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. The Board thus recognized the limitations of calculating and comparing profitability at the individual fund level.

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of BlackRock's technology business, BlackRock's expense management, and the relative product mix. The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available.

The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time and resources, assumption of risk, and liability profile in servicing the Fund, including in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that the Fund's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio ranked in the fourth and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board additionally noted that the breakpoints can, conversely, adjust the advisory fee rate upward as the size of the Fund decreases below certain contractually specified levels.

### D. Economies of Scale

The Board, including the Independent Board Members, considered the extent to which any economies of scale might benefit the Fund in a variety of ways as the assets of the Fund increase. The Board considered multiple factors, including the advisory fee rate and breakpoints, unitary fee structure, fee waivers, and/or expense caps, as applicable. The Board considered the Fund's asset levels and whether the current fee schedule was appropriate.

### E. Other Factors Deemed Relevant by the Board Members

The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with the Fund, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and its risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Fund, including for administrative, distribution, securities lending, ETF servicing and cash management services. With respect to securities lending, during the year the Board also considered information provided by independent third-party consultants related to the performance of each BlackRock affiliate as securities lending agent. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third-party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreements, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the ETF marketplace, and that shareholders are able to redeem or sell their Fund shares if they believe that the Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

### Conclusion

At the May Meeting, in a continuation of the discussions that occurred during the April Meeting, and as a culmination of the Board's year-long deliberative process, the Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and the Trust, on behalf of the Fund, for a one-year term ending June 30, 2026, and the Sub-Advisory Agreement between the Manager and the Sub-Advisor, with respect to the Fund, for a one-year term ending June 30, 2026. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreements were fair and reasonable and in the best interest of the Fund and its shareholders. In arriving at its decision to approve the Agreements, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were advised by independent legal counsel throughout the deliberative process.

# Glossary of Terms Used in these Financial Statements

## Portfolio Abbreviation

ADR	American Depositary Receipt
SAB	Special Assessment Bonds

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## Want to know more?

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