ON THE ROAD FROM SAVING TO INVESTING

iShares by BlackRock

How iShares is driving progress for millions of people

INTRODUCTION

At iShares, we are committed to offering the highest quality investments for the greatest number of people, delivering the best possible value.

The purpose of our fourth annual iShares Report on Investor Progress is to provide a sense of how we are doing on our commitments to you, our 43 million investors.[1] We hope you find some facts here that provide you with glimmers of optimism and renewed confidence to keep investing for the long term.

Markets in the beginning of 2023 challenged even the most committed optimists, with higher interest rates, an uncertain economic outlook, and geopolitical turmoil all leading to heightened volatility. Many savers sought refuge in cash, in record amounts, in search of stable yields.[2] But investors globally also continued to turn to ETFs, pouring over $950 billion into ETFs industry-wide in 2023 and benefiting from strong equity and fixed income markets globally, especially toward the end of the year.[3]

> **People are investing in the belief that the road may be bumpy, but you can't get to where you're going unless you start– and ETFs are helping empower investors to stay on the road.**

We believe more people are turning to ETFs because they are empowering – they provide choices for a range of buyers – from first-time investors to professional wealth and asset managers-- to choose how they navigate investing in a way that's convenient for them. We sometimes think of ETFs like cars – you can pick the right vehicle for you to get to your destination however you choose.

The remarkable thing about **iShares ETFs** is that they're more than a vehicle; similar to other technologies, quality and selection have increased even as overall costs have come down.[4]

Today, you can access over 1,400 iShares globally, a 50% increase since 2019, from our low-cost Core ETFs used to build long-term portfolios, to our Bond ETFs that investors use to access hundreds of slices of the bond market efficiently, to our Active, and Factor ETFs that have the potential to outperform market-cap benchmarks, to our Precision ETF range that enables access to an array of countries, sectors, and commodities.[5] The quality and selection of iShares ETFs is a great equalizer because it enables individuals to invest in ways that were once exclusively for professionals.

We believe people make the decision to get on the road from saving to investing because they hope for a better future and believe long-term financial security and wealth creation is within their reach. In the past five years, tens of millions of people indicated they shared this belief by doubling the amount of assets they entrust to our iShares ETFs.[6] Our goal is to be relentless in making the on-ramps easier and in offering you an array of convenient routes to help bring your investment destination within view.

HIGHLIGHTS OF INVESTOR PROGRESS

+550

QUALITY

iShares has been recognized by Morningstar with over 550 Gold & Silver-rated ETFs – twice our next competitor.[7]

$204 B

ACCESS

In 2023, our clients entrusted us with over $186 billion in new ETF assets and $18 billion in index mutual fund assets, more than any other firm.[8]

43 M

ACCESS

Around the world, 43 million investors use iShares ETFs.[9]

+$630 M

VALUE

Since 2015, iShares has helped save investors over $630 million through fee reductions.[10]

QUALITY

WE BUILD OUR ETFS FOR A VARIETY OF ROADS

Our iShares investment engine focuses on precise outcomes for investors in all market conditions

When people drive, they don't need to think too deeply about how their car's engine works. They can trust the engineering that went into their car, something they feel when they accelerate or brake. This lets them focus on reaching their destination.

At iShares, our Chief Investment Officer, Samara Cohen, leads a team of hundreds of portfolio managers, technologists, and markets experts in a group nicknamed 'The Engine.' They are obsessed with the quality of our ETFs and index investments because we want our clients to stay focused on reaching their destinations.

We measure the quality of our ETFs by how precisely they track their respective benchmark indexes and how they perform in diverse market conditions in three ways: liquidity, price discovery, and efficient market access. Our investment 'engine' handles thousands of benchmarks, performs millions of calculations and portfolio adjustments to seek precise outcomes, and benefits from the billions we have invested over the years in our technology, including our Aladdin risk management platform.[11]

It's in moments of market stress, however, that the investment quality of iShares ETFs has stood out. In March 2023, for example, as a handful of banks in the U.S. and Switzerland failed, global investors sought safety in U.S. Treasuries.[12] During that period of acute market stress, our iShares Treasury ETFs were in some instances less than half as expensive to trade as the underlying Treasury market, offering price discovery and liquidity in even the largest, most liquid, fixed income asset class in the world.[13] And as investors of all types moved back to bonds in 2023, allocating record inflows to fixed income ETFs, many chose iShares, investing $113 billion with us, more than twice our next competitor.[14]

> **Our engine is always humming. We're always innovating to enable our ETFs to expand the world of investments – nearly 20% of our flows in 2023 came from ETFs launched since 2020.**[15]

Take buy-write strategies, which offer the potential for enhanced monthly income from writing call options, in return for giving up some of the full upside potential of the underlying holdings. Covered call strategies have long been used by professional investors in equities but were seen as too hard to do in bonds. Our three iShares **Bond BuyWrite Strategy ETFs,** which launched just over a year ago, were the first of their kind in the bond market. We were able to innovate what our ETFs could do, making it simpler and more efficient for all investors to incorporate potentially yield-enhancing covered call strategies into their bond portfolios; investors have responded by adding over $1 billion into our BuyWrite ETFs in 2023.[16]

While our clients trust us to obsess about our investment quality measures, some will want to trust and verify. In 2023, Morningstar expanded its ETF coverage beyond its star-rating system, which looks at rear-view performance, to include a broader universe of ETFs in its medal-rating system, a forward assessment which looks at attributes that Morningstar believes are likely to translate to better performance compared to a relevant peer group over the long run, including people and process. iShares received over 550 Gold and Silver medals across our global ETF platform, more than twice our next competitor.[17]

Our commitment to providing people with high quality investments is resonating. In 2023, our clients entrusted us with over $204 billion in new ETF and index mutual fund assets, more than any other firm.[18]

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ACCESS

PUTTING MORE INVESTORS IN THE DRIVER'S SEAT

Empowering millions of people to shift gears from saving to investing

We believe access means freedom of choice for investors with fewer barriers, no matter where they are in their investing journey or how much they want to invest. Lack of access is the main reason why investing is a source of stress for people. Our aim is to clear the road so more people can shift gears from saving to investing. Today, 34 million U.S. investors use iShares, double the number five years ago; globally, 43 million investors use iShares, which we want to more than double to 100 million by the end of the decade.[20]

> **Our iShares ETFs are now available commission-free on over 100 wealth platforms in 20 countries.**[21]

We are forging new relationships with digital wealth platforms and banks to expand access to more people by making investing more convenient and affordable. We believe that even small, incremental reductions in barriers can result in meaningful behavioral shifts.

The shift from saving to investing has accelerated dramatically in Germany, due to the growth of digital wealth platforms, convenient automated investing through ETF Savings Plans, and the abundance of ETF choices. Five years ago, several hundred thousand Germans invested about €150 a month into ETF Savings Plans – today it's over 7 million.[22] We expect that in the next five years, there will be over 30 million people across Continental Europe using ETF Savings Plans as this more accessible way of investing spreads.[23]

In the UK, we worked with Britain's leading digital bank, Monzo, to offer its customers our products through its app, with minimum investments as low as £1. Monzo's mission 'To make money work for everyone' was such a natural fit with ours. Potential investors seem to agree, with hundreds of thousands of people signing up for the offering even before the official launch.[24]

This shift is happening worldwide. The Japanese government is expanding its tax-exempt Nippon Individual Savings Account (NISA) in 2024 to help a nation of savers become investors. Even in the U.S., with one of the world's broadest investing cultures, there is more to do to increase access.[25] This is especially true for the 57 million Americans who work in small businesses, or for themselves, and lack access to a workplace retirement plan.[26] Many of them want an easier way to save for retirement, so we launched our **iShares LifePath Target Date ETFs**, which combine the decades of experience managing our LifePath target date strategies with the convenience of our ETFs. Anyone with a brokerage account can now access this time-tested approach, and the initial investment on commission-free platforms is simply the share price of the ETF.

We are also expanding our range of actively managed ETFs to increase access to more markets. Last year we launched the BlackRock Flexible Income ETF (BINC) to enable investors to seek higher income from harder-to-reach parts of the bond market. **BINC** is our first actively managed ETF to be run by Rick Rieder, CIO of Global Fixed Income at BlackRock, and winner of the 2023 Morningstar Outstanding Portfolio Manager Award.[27]

To us, democratizing access also means making your voice heard in the companies you own. We pioneered proxy voting for our global pension fund clients with BlackRock Voting Choice in the beginning of 2022, and now have the industry's largest program, with $2.3 trillion in eligible index equity assets.[28] Beginning in February 2024, we're expanding with a pilot for U.S. individual investors. We will enable Voting Choice for the over 3 million shareholder accounts of iShares Core S&P 500 ETF (IVV), making it the largest fund offering proxy voting in the industry.[29] Eligible shareholders will be able to participate in the shareholder voting process for the 2024 proxy season.

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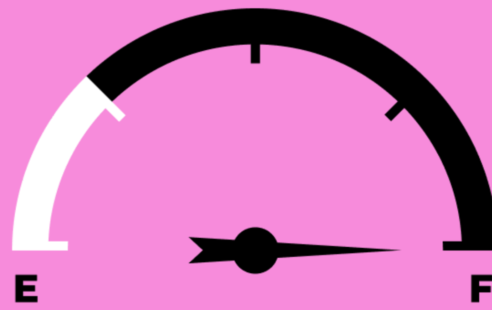
VALUE

GET MORE MILEAGE OUT OF YOUR INVESTMENTS

Helping our clients keep more of what their money earns



Our ambition is not just to provide high-quality investments to millions of people, but also to be relentless in providing you a great deal. That's why, over the years, as our clients' iShares investments grow, we consistently invest in our scale and pass back efficiencies to them through lower fees.

> **In the U.S., iShares Core ETFs charge roughly one-tenth the average price of the comparable mutual fund.**[30]

Since 2015, iShares has helped save investors over $630 million through fee reductions.[31] Those savings are in the billions of U.S. dollars when you factor in the greater price competition ETFs have stimulated across the whole asset management industry.[32]

In markets around the world where we see growth potential, we will also invest in anticipation of demand to offer you great value. In Australia, for example, we expect the ETF market to grow significantly and so last year we reduced the fees on several equity and bond ETFs to the lowest in the marketplace.[33] Around the world in 2023, we reduced prices on 45 ETFs.

We also want investors to get more mileage from our lineup of 35 actively managed ETFs, which rank in the lowest-cost quintile in the active management universe.[34] Take our BlackRock Advantage Large Cap Income (BALI) ETF or our iShares Large Cap Moderate Buffer (IVVM) ETF, for example, which we launched in 2023 in partnership with our active equity investment teams. These ETFs are designed to generate enhanced income or downside protection, using options, to help build portfolios in a more uncertain and volatile market. Beyond their differentiated investment proposition, they also can offer value, relative to active strategies broadly or even pricier structured products.

But value goes beyond fees – the potential effects of capital gains taxes from fund distributions can, in some markets, be more costly than fees. We manage our ETFs with tax efficiency in mind so that long-term investors can better control when they realize their own tax impact, just like when you sell a stock. Over the past five years, for example, none of our U.S. iShares Core Equity ETFs distributed capital gains, compared to 81% of U.S. active equity mutual funds.[35]

Ultimately, we want you to keep more of what your money earns. Investors historically had to trade off investment quality and cost, but the ETF technology has upended all that. iShares ETFs enable all investors – professionals and novices – to access more markets in more ways, while benefitting from ETFs' low fees and tax efficiency.

> **At iShares, it's our mission to help you navigate the twists and turns of today's markets as you shift from saving to investing. We are driven by our commitment to offering high quality, convenient, and affordable investments, because we know achieving your long-term financial goals is one of the most important journeys you'll ever take.**

RELATED FUNDS

BINC	**BlackRock Flexible Income ETF**
BALI	**BlackRock Advantage Large Cap Income ETF**
TLTW	**iShares 20+ Year Treasury Bond BuyWrite Strategy ETF**
IVVM	**iShares Large Cap Moderate Buffer ETF**
TFLO	**iShares Treasury Floating Rate Bond ETF**
ITDC	**iShares® LifePath® Target Date 2035 ETF**

[1] BlackRock, as of September 30, 2023. 43 million figure is an estimate of the number of investors holding iShares ETFs globally using various sources. For the United States, ETF investors calculated using data from Broadridge Financial Solutions, based on a ticker–level analysis of unique, anonymized individual brokerage account numbers that hold at least one iShares ETF and have an account balance greater than $0, and assumes one account equals one investor which may not reflect potential double counting for households that may have more than one account. For the European Union and the United Kingdom, data is from digital platforms, ExtraETF, Financial Times, AMF, Le Monde, Wisdom Tree, Finanzas, Italian Association of Asset Managers.

[2] Investment Company Institute data show that total money market fund assets were a record $5.84 trillion on November 29, 2023. That figure includes $2.25 trillion in retail investor funds and $3.59 trillion in institutional funds.

[3] Denotes inflows into Global ETPs across the industry. Bloomberg, BlackRock Global Business Intelligence, $967.83 billion as of December 28, 2023.

[4] Investment Company Institute, Trends in the Expenses and Fees of Funds, 2022, March 2023.

[5] BlackRock, as of November 10, 2023. iShares offers 1,418 ETFs.

[6] BlackRock, as of November 30, 2023. Total assets under management (AUM) in iShares ETFs globally as of November 30, 2023, is $3,352.1 trillion, compared to $1,794.5 trillion as of November 30, 2018.

[7] Morningstar, as of December 31, 2023. 589 of the 2600 (23%) Gold or Silver rated global ETFs in the industry are iShares/BLK products. Ratings are calculated on a monthly basis, based on risk adjusted returns. Past performance does not guarantee future results. For the Medalist Ratings of rated Funds listed in this report, please see the end of the document.

[8] Based on an analysis of net new assets YTD as of December 29, 2023 of all fund providers across the global ETP industry using Bloomberg, BlackRock iShares Global Business Intelligence. Analysis of net new index mutual funds (IMFs) assets of top 10 global index mutual fund providers. BlackRock Index Mutual Funds (IMFs): BlackRock Financial Planning and Analysis (YTD as of December 29, 2023). 3rd party IMFs: Simfund for US IMFs (YTD as of December 29, 2023) and Broadridge for Non-US IMFs (YTD as of November 30, 2023).

[9] BlackRock, as of September 30, 2023. 43 million figure is an estimate of the number of investors holding iShares ETFs globally using various sources. For the United States, ETF investors calculated using data from Broadridge Financial Solutions, based on a ticker–level analysis of unique, anonymized individual brokerage account numbers that hold at least one iShares ETF and have an account balance greater than $0, and assumes one account equals one investor which may not reflect potential double counting for households that may have more than one account. For the European Union and the United Kingdom, data is from digital platforms, ExtraETF, Financial Times, AMF, Le Monde, Wisdom Tree, Finanzas, Italian Association of Asset Managers.

[10] BlackRock as of December 31, 2023. Cumulative cost-savings figure is calculated by taking the difference between the previous fund expense ratio and the new fund expense ratio from 2015 through December 31, 2023, multiplied by the fund assets under management at the time of the fund reduction. Methodology does not account for compounding savings over time.

[11] BlackRock, Benchmarks and Projections as of December 31, 2023. iShares handled handled over 1.8 million index changes for over 960 unique equity benchmarks in 2023. Total spending on technology is $2.1 billion since 2020, based on full-year financial results, released January 13, 2024.

[12] BlackRock, Bloomberg, as of March 17, 2023.

[13] Bloomberg as of March 17, 2023. For example, iShares 20+ Year Treasury Bond ETF (TLT) bid ask spread held at 1bp, while the underlying bonds saw bid/ask spreads widen to 30bps (up from the two-year average of 18 bps).

[14] Bloomberg, BlackRock Global Business Intelligence: Bond ETFs world and industry-wide saw record inflows of $332.2 billion through December 28, 2023. iShares bond ETFs saw $113 billion of inflows through December 28, 2023, while Vanguard had $59 billion.

[15] Bloomberg, BlackRock Global Business Intelligence as of December 28, 2023.

[16] Bloomberg, BlackRock Global Business Intelligence, as of November 30, 2023.

[17] Morningstar, as of September 30, 2023. 587 of the 2600 (23%) Gold or Silver rated global ETFs in the industry are iShares/BLK products. Ratings are calculated on a monthly basis, based on risk adjusted returns. Past performance does not guarantee future results. For the Medalist Ratings of rated Funds listed in this report, please see the end of the document.

[18] Based on an analysis of net new assets YTD as of December 29, 2023 of all fund providers across the global ETP industry using Bloomberg, BlackRock iShares Global Business Intelligence. Analysis of net new index mutual funds (IMFs) assets of top 10 global index mutual fund providers. BlackRock Index Mutual Funds (IMFs): BlackRock Financial Planning and Analysis (YTD as of December 29, 2023). 3rd party IMFs: Simfund for US IMFs (YTD as of December 29, 2023) and Broadridge for Non-US IMFs (YTD as of November 30, 2023).

[19] BlackRock and Human Interest research, Retirement Insights, as of September 14, 2023.

[20] BlackRock, as of September 30, 2023. 43 million figure is an estimate of the number of investors holding iShares ETFs globally using various sources. For the United States, ETF investors calculated using data from Broadridge Financial Solutions, based on a ticker–level analysis of unique, anonymized individual brokerage account numbers that hold at least one iShares ETF and have an account balance greater than $0, and assumes one account equals one investor which may not reflect potential double counting for households that may have more than one account. For the European Union and the United Kingdom, data is from digital platforms, ExtraETF, Financial Times, AMF, Le Monde, Wisdom Tree, Finanzas, Italian Association of Asset Managers.
According to Broadridge Financial Solutions as of September 30, 2023 there are 33.7 million accounts invested in an iShares ETF in the United States, compared to 15.9 million as of September 30, 2018.

[21] BlackRock, as of September 30, 2023.

[22] ExtraETF as of September 2023. Each month, German investors save €164 on average according to the brokers analyzed.

[23] ExtraETF as of September 2023. The number of ETF savings plans in Germany is expected to triple in five years, to 21.3 million by 2028 from 7.1 million in 2023. In the rest of Continental Europe, the number of savings plans is expected to surge to 10 million by 2028, up from just 500,000 in 2023.

[24] BlackRock, Monzo as of September 30, 2023.

[25] The Future of Capital Markets: Democratization of Retail Investing." World Economic Forum, August 2022. WEF_Future_of_Capital_Markets_2022.pdf (weforum.org) Center for Retirement Research at Boston College, 2020

[26] Center for Retirement Research at Boston College, 2020.

[27] Rick Rieder, BlackRock's Chief Investment Officer of Global Fixed Income, was granted the 2023 Morningstar Award for Investing Excellence: Outstanding Portfolio Manager, March 2023. Morningstar's manager research analysts chose the winners from a shortlist of nominees who have distinguished themselves not only by their outstanding long-term returns but also by developing and adhering to sound processes and shareholder-friendly philosophies that will endure. All the Outstanding Portfolio Manager nominees hailed from strategies that earn Morningstar Analyst Ratings of Silver or Gold for at least one vehicle or share class. U.S. Morningstar Awards for Investing Excellence: The 2023 Winners.

[28] BlackRock as of July 2023. BlackRock to Expand Proxy Voting Choice to its Largest ETF.

[29] BlackRock Global Intelligence as of November 30, 2023. ETF size defined by assets under management (AUM). The largest fund in the U.S. ETF industry by AUM is SPDR S&P 500 ETF Trust (SPY) at $435.8bn, and the second largest by AUM is iShares Core S&P 500 ETF (IVV) at $358.7bn as of November 30, 2023. SPY does not offer proxy voting for individual investors.

[30] BlackRock and Morningstar, as of September 30, 2023. Comparison is between the average Prospectus Net Expense Ratio for the iShares Core ETFs (0.07%) and actively managed open-end mutual funds in the 9 style box Morningstar categories using the oldest share class to avoid duplicates (0.93%).

[31] BlackRock as of December 31, 2023. Cumulative cost-savings figure is calculated by taking the difference between the previous fund expense ratio and the new fund expense ratio from 2015 through December 31, 2023, multiplied by the fund assets under management at the time of the fund reduction. Methodology does not account for compounding savings over time.
[32] Journal of Portfolio Management, volume 48 number 5, April 2022 JPM BR April22 On the Benefits of Scale (pm-research.com)
[33] BlackRock, as of September 30, 2023.
[34] Morningstar as of September 30, 2023. Oldest share class used. Comparison of the Average Prospectus Net Expense Ratio universe across exchange traded funds (ETFs) available globally.
[35] BlackRock as of March 31, 2023; Morningstar average of years 2018 to 2022 as of December 31, 2022. US Active Equity Mutual Funds represented by the oldest share class of each Active Open-End Equity Mutual Fund available in the United States incepted before October 31 in each year and excludes funds that closed before October 31 in each year, as of December 31, 2022.

The following are medalist ratings of the funds listed in this report:

iShares Core S&P 500 ETF (IVV)
• Morningstar Medalist Rating: Gold
• As of February 13, 2023
• 100% Analyst-Driven
• 100% Data Coverage

iShares 20+ Year Treasury Bond ETF (TLT)
• Morningstar Medalist Rating: Bronze
• As of November 30, 2023
• 20% Analyst-Driven
• 80% Data Coverage

iShares 20+ Year Treasury Bond BuyWrite Strategy ETF (TLTW)
• Morningstar Medalist Rating: Bronze
• As of November 30, 2023
• 20% Analyst-Driven
• 100% Data Coverage

iShares Investment Grade Corporate Bond BuyWrite Strategy ETF (LQDW)
• Morningstar Medalist Rating: Silver
• As of November 30, 2023
• 20% Analyst-Driven
• 79% Data Coverage

iShares High Yield Corporate Bond BuyWrite Strategy ETF (HYGW)
• Morningstar Medalist Rating: Negative
• As of November 30, 2023
• 100% Analyst-Driven
• 100% Data Coverage

BlackRock Flexible Income ETF (BINC), rated Silver on Oct. 31, 2023
• Morningstar Medalist Rating: Silver
• As of November 30, 2023
• 55% Analyst-Driven
• 88% Data Coverage

BlackRock Advantage Large Cap Income ETF (BALI), rated Silver on Oct. 31, 2023
• Morningstar Medalist Rating: Silver
• As of November 30, 2023
• 55% Analyst-Driven
• 86% Data Coverage

The Morningstar Medalist Rating™ is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.

Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal. Past performance does not guarantee future results.

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Transactions in shares of ETFs may result in brokerage commissions and will generate tax consequences. All regulated investment companies are obliged to distribute portfolio gains to shareholders.

There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

Diversification and asset allocation may not protect against market risk or loss of principal.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in the value of debt securities. Credit risk refers to the possibility that the debt issuer will not be able to make principal and interest payments.

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities.

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

Securities with floating or variable interest rates may decline in value if their coupon rates do not keep pace with comparable market interest rates. The Fund's income may decline when interest rates fall because most of the debt instruments held by the Fund will have floating or variable rates.

Asset-backed securities are subject to credit, interest rate, call, extension, valuation and liquidity risk and are subject to the risk of default on the underlying asset or mortgage, particularly during periods of economic downturn. Small movements in interest rates may quickly and significantly reduce the value of certain ABS.

Mortgage-backed securities ("MBS") and commercial mortgage-backed securities ("CMBS") are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities.

Collateralized Debt Obligations ("CDOs") carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the risk that the collateral may default or decline in value or be downgraded, if rated by a nationally recognized statistical rating organization; (iii) the Fund may invest in tranches of CDOs that are subordinate to other tranches; (iv) the lack of a readily available secondary market for CDOs.

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency and its return and yield will fluctuate with market conditions. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/ developing markets or in concentrations of single countries.

Actively managed funds do not seek to replicate the performance of a specified index. Actively managed funds may have higher portfolio turnover than index funds.

A BuyWrite Strategy ETF's use of options may reduce returns or increase volatility. During periods of very low or negative interest rates, the Underlying Fund may be unable to maintain positive returns. Very low or negative interest rates may magnify interest rate risk. In a falling interest rate environment, the ETF may underperform the Underlying Fund. By writing covered call options in return for the receipt of premiums, the ETF will give up the opportunity to benefit from increases in the value of the Underlying Fund but will continue to bear the risk of declines in the value of the Underlying Fund. The premiums received from the options may not be sufficient to offset any losses sustained from the volatility of the Underlying Fund over time. The ETF will be subject to capital gain taxes, ordinary income tax and other tax considerations due to its writing covered call options strategy.

The Fund's use of derivatives may reduce the Fund's returns and/or increase volatility and subject the Fund to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. The Fund could suffer losses related to its derivative positions because of a possible lack of liquidity in the secondary market and as a result of unanticipated market movements, which losses are potentially unlimited. There can be no assurance that the Fund's hedging transactions will be effective.

Buffered ETFs

There can be no guarantee that the Fund will be successful in its strategy to provide downside protection against Underlying ETF losses. The Fund does not provide principal protection or non-principal protection, and, despite the Approximate Buffer (the "Buffer"), an investor may experience significant losses on their investment, including the loss of their entire investment. A blended portfolio of Expiring Options and New Options during a Rebalance Period will impact the Fund's ability to realize the full benefit of the Buffer or may subject the Fund's return to an upside limit that is slightly lower or higher than the Approximate Cap (the "Cap") for the applicable Hedge Period. Accordingly, investors may bear losses against which the Buffer is anticipated to protect and be subject to an upside limit that is lower than the Cap. In the event an investor purchases Fund shares after a Hedge Period begins or sells Fund shares prior to the end of the Hedge Period, the returns realized by the investor will not match those that the Fund seeks to provide. In periods of extreme market volatility, the Fund's return may be subject to downside protection significantly lower than the Buffer and an upside limit significantly below the Cap. A new cap is established during each Rebalance Period and is dependent upon current market conditions. As such, the Cap is likely to change, sometimes significantly, from one Hedge Period to the next.

BlackRock provides compensation in connection with obtaining or using third-party ratings and rankings.

This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This material is strictly for illustrative, educational, or informational purposes and is subject to change.

This material contains general information only and does not take into account an individual's financial circumstances. This information should not be relied upon as a primary basis for an investment decision. Rather, an assessment should be made as to whether the information is appropriate in individual circumstances and consideration should be given to talking to a financial professional before making an investment decision.

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