



**XMV**

iShares Edge MSCI Min Vol Canada Index ETF  
Management Fee: 0.30%

**XMU**

iShares Edge MSCI Min Vol USA Index ETF  
Management Fee: 0.30%

**XMS**

iShares Edge MSCI Min Vol USA Index ETF (CAD-Hedged)  
Management Fee: 0.30%

**XMI**

iShares Edge MSCI Min Vol EAFE Index ETF  
Management Fee: 0.35%

**XML**

iShares Edge MSCI Min Vol EAFE Index ETF (CAD-Hedged)  
Management Fee: 0.35%

**XMW**

iShares Edge MSCI Min Vol Global Index ETF  
Management Fee: 0.45%

**XYM**

iShares Edge MSCI Min Vol Global Index ETF (CAD-Hedged)  
Management Fee: 0.45%

**XMM**

iShares Edge MSCI Min Vol Emerging Markets Index ETF  
Management Fee: 0.79%<sup>1</sup>

## A new approach for the core of your portfolio

Establishing an appropriate asset allocation and staying invested in the markets are important determinants of successful investing. But volatility can unnerve investors, causing them to abandon their plans and jeopardize their long-term goals. iShares Edge Minimum Volatility ETFs are core equity investments that have delivered market-like returns with less risk. And because they can help weather the ups and downs of the market, they can help give investors the confidence to stay invested. As shown below, these funds have historically lost less during market declines—while still capturing meaningful gains during upswings.

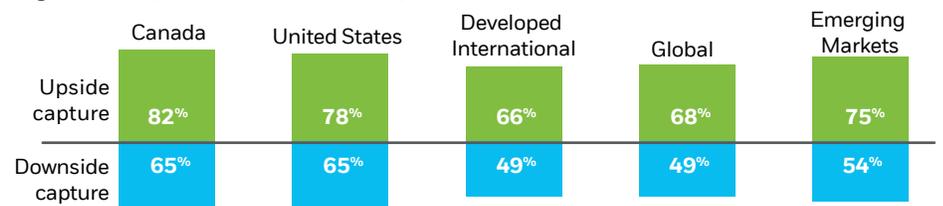
### Learn how iShares Edge Minimum Volatility ETFs can help strengthen portfolios



## 1. Rethink your equity exposure: Focus on upside/downside capture

Upside capture measures the portion of market return captured by a security during positive months for an index. Downside capture refers to the portion of market return captured by a security during negative months for an index.

Figure 1: Upside/downside capture



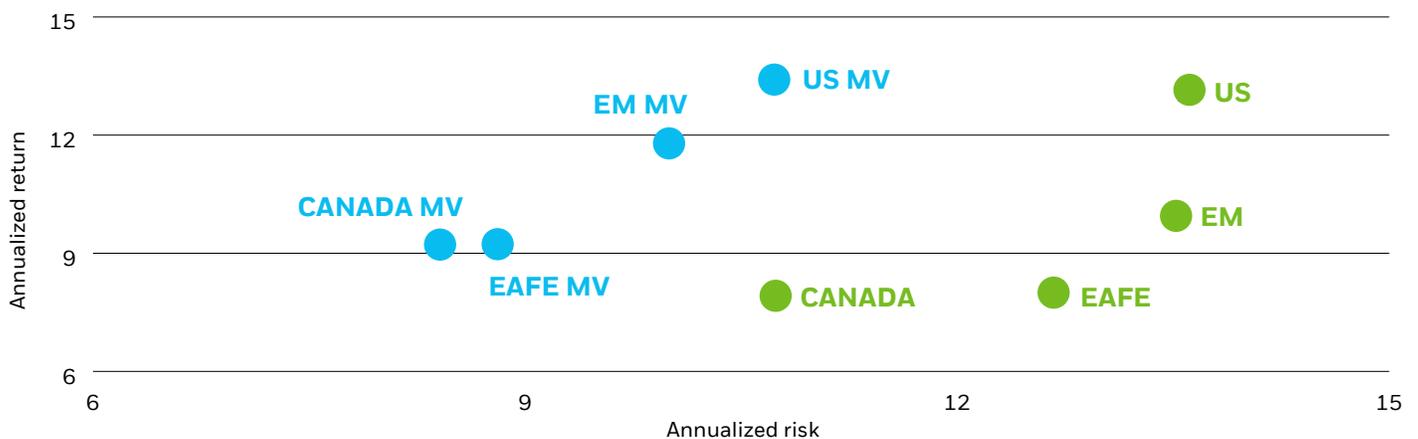
<sup>1</sup>BlackRock Canada has agreed to extend a partial waiver of the annual management fee that would otherwise be payable by XMM (the "Waiver"). After giving effect to the Waiver, BlackRock Canada is entitled to receive an annual management fee from XMM equal to 0.40% of the net asset value of XMM. The Waiver will expire on December 31, 2023. BlackRock Canada may discontinue, amend or extend the Waiver at any time without giving notice to (other than by press release) or seeking approval from unitholders of XMM.

Source: BlackRock with data from Thomson Reuters and MSCI. Notes: The analysis uses monthly total returns from January 2009 to December 2018. Canada compares the MSCI Canada Minimum Volatility Index with the S&P/TSX Composite Index. U.S. compares the MSCI USA Minimum Volatility Index with the S&P 500 Index. Developed international compares the MSCI EAFE Minimum Volatility Index with the MSCI EAFE Index. Global compares the MSCI ACWI Minimum Volatility Index with the MSCI ACWI Index. Emerging markets compares the MSCI Emerging Markets Minimum Volatility Index with the MSCI Emerging Markets Index. The analysis contains hypothetical back-tested index performance.

## 2. A potential solution: iShares Edge Minimum Volatility ETFs

iShares Edge Minimum Volatility ETFs have a track record of delivering market-like returns with less risk.<sup>2</sup> Importantly, they have lost less during the most severe downturns, when broad markets suffered most. These ETFs follow an index that screens for low volatility stocks, takes into account the correlations among them, and then generates an optimized portfolio with guardrails in place to limit sector and country concentrations.

### iShares Edge Minimum Volatility ETFs: A track record of market-like returns with less risk



<sup>2</sup>BlackRock with data from Thomson Reuters and MSCI.

Notes: The analysis uses monthly total returns from January 2009 to December 2018. Indexes used are the MSCI Canada Minimum Volatility Index (Canada MV), S&P/TSX Composite Index (Canada), MSCI USA Minimum Volatility Index (US MV), S&P 500 Index (US), MSCI EAFE Minimum Volatility Index (EAFE MV), MSCI EAFE Index (EAFE), MSCI Emerging Markets Minimum Volatility Index (EM MV), and the MSCI Emerging Markets Index (EM). The analysis contains hypothetical back-tested index performance.

### Two reasons why minimum volatility strategies have worked:

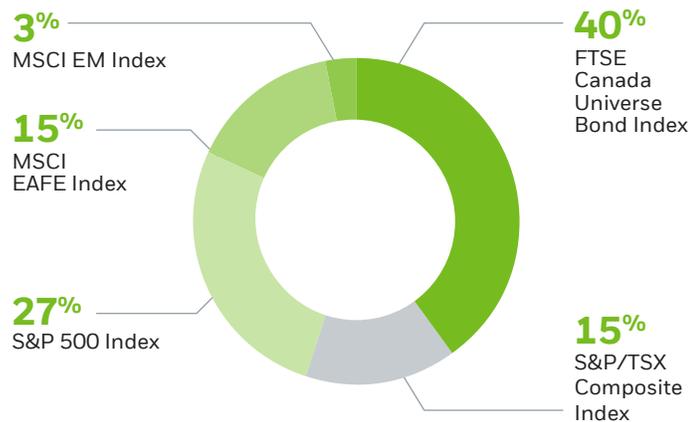
Structural impediments are market rules or restrictions that have made some investments off-limits to certain investors. For example, institutions like pensions and endowments often have high return targets, but they are typically restricted from using leverage. As a result, they purchase higher-risk stocks with the hope of boosting returns. Prices of high volatility stocks are pushed up, leaving lower volatility stocks underpriced.

Behavioral bias refers to the idea that not all investors are perfectly rational all the time. Also known as the “lottery effect,” behavioral bias pushes investors to bet on the next big idea, even if the odds are stacked against them. Flashy, riskier stocks often get more attention while lower risk stocks are overlooked.

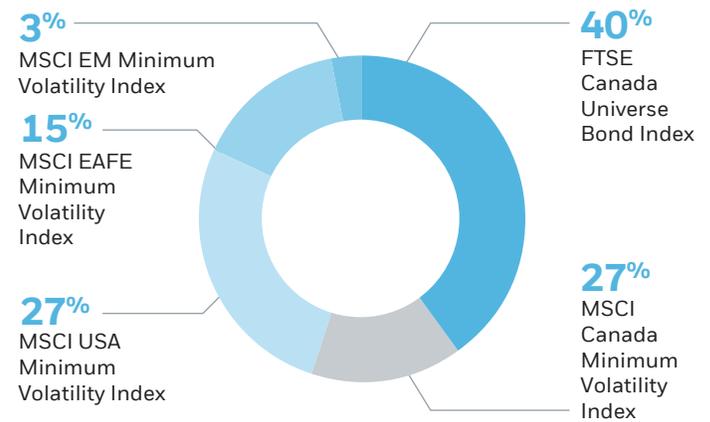
## 3. Getting started: Use as core investments in your portfolio

Diversified portfolios generally allocate across Canada, U.S., international and emerging markets stocks. That’s why iShares Edge Minimum Volatility ETFs are available across these major equity building blocks. You can consider using iShares Edge Minimum Volatility ETFs at the core of your portfolio because of the way their MSCI indexes are constructed—sectors and countries are tightly constrained to +/- 5% of the broad market index. The graphic below illustrates the potential impact of replacing a traditional equity portfolio with minimum volatility ETFs. Over the period analyzed, risk-adjusted returns improved and drawdowns were reduced, demonstrating the potential benefits of using minimum volatility ETFs as a core equity replacement.

### Base portfolio



### Minimum volatility portfolio



Base portfolio	
6.11%	Annualized volatility
1.01%	Return/risk ratio
-8.71%	Maximum drawdown
7.93%	Annualized performance

Minimum volatility portfolio	
5.49%	Annualized volatility
1.28%	Return/risk ratio
-8.10%	Maximum drawdown
8.79%	Annualized performance

Source: BlackRock and Morningstar. Data shown is for January 2009-December 2018. Annualized volatility is represented by standard deviation and measures the historical volatility of a portfolio’s return. Portfolios based on index data. The portfolios rebalanced monthly. Sample portfolios are strictly for illustrative and educational purposes only, and do not represent a recommendation of any security or asset allocation strategy. Index performance data has been included for illustrative purposes only and does not reflect any actual fund performance. Index performance data does not reflect management fees, transaction costs or other expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance is not necessarily indicative of future performance and actual fund returns may differ significantly.

**Standard Performance as of December 31, 2018.**

Ticker	Fund Name	Fund inception date	1Y (%)	3Y (%)	5Y (%)	10Y (%)	Incept (%)	Number of holdings
<b>XMI</b>	iShares Edge MSCI Min Vol EAFE Index ETF	Jul 24, 2012	0.0556 in	2.90	9.43	-	11.80	618
<b>XMU</b>	iShares Edge MSCI Min Vol USA Index ETF	Jul 24, 2012	9.98	8.86	15.42	-	16.73	202
<b>XMW</b>	iShares Edge MSCI Min Vol Global Index ETF	Jul 24, 2012	6.82	6.64	12.32	-	13.42	618
<b>XMM</b>	iShares Edge MSCI Min Vol Emerging Markets Index ETF	Jul 24, 2012	2.14	6.20	6.34	-	7.41	202
<b>XMV</b>	iShares Edge MSCI Min Vol Canada Index ETF	Jul 24, 2012	-7.13	5.32	5.58	-	7.48	618
<b>XMS</b>	iShares Edge MSCI Min Vol USA Index ETF (CAD-Hedged)	Apr 5, 2016	-1.05	-	-	-	7.66	202
<b>XML</b>	iShares Edge MSCI Min Vol EAFE Index ETF (CAD-Hedged)	Apr 5, 2016	-3.19	-	-	-	5.68	618
<b>XMY</b>	iShares Edge MSCI Min Vol Global Index ETF (CAD-Hedged)	Apr 5, 2016	-1.81	-	-	-	5.99	202

RBC iShares ETFs are comprised of RBC ETFs managed by RBC Global Asset Management Inc. and iShares ETFs managed by BlackRock Asset Management Canada Limited ("BlackRock Canada"). Please read the relevant prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or operational charges or income taxes payable by any securityholder that would have reduced returns. The funds are not guaranteed, their values change frequently and past performance may not be repeated. Tax, investment and all other decisions should be made, as appropriate, only with guidance from a qualified professional.

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