



## iShares Strategic Fixed Income ETFs



**iShares Conservative Short Term Strategic Fixed Income ETF**

A diversified bond strategy designed to generate enhanced income with a focus on credit quality and downside protection



**iShares Short Term Strategic Fixed Income ETF**

A strategy designed to generate an attractive level of income by tapping Canadian and global markets



**iShares Conservative Strategic Fixed Income ETF**

A more flexible bond strategy designed to adapt to changing markets, offering both income and capital appreciation

### A flexible approach to bonds

Achieving income is difficult in today's fixed income environment. Even more difficult: Generating income without taking on excessive risk. iShares Strategic Fixed Income ETFs provide a one ticket, actively managed portfolio solution that aims to deliver enhanced yield or return while controlling for risk.

- **Control fees** with a low cost portfolio built with ETFs
- **Scale your practice** with the simplicity of a single ticker or leverage as a model to build your own portfolio
- **Diversify sources of return** with exposure to a variety of Canadian and global bonds
- **Optimize allocations** with opportunities sourced across our global fixed income platform by our Canadian portfolio management team
- **Manage downside risk** with portfolio decisions supported by our Aladdin® risk technology platform



#### Fixed income leader

USD\$1.89 trillion in fixed income assets under management,<sup>1</sup> the most in the industry.



#### Risk management

Our Aladdin® platform integrates all the functions needed to manage money: from portfolio management and trading to compliance, operations and risk oversight.



#### Partnership

We partner with advisors like you to build strong portfolios, and never compete with you for your clients.



#### Global footprint

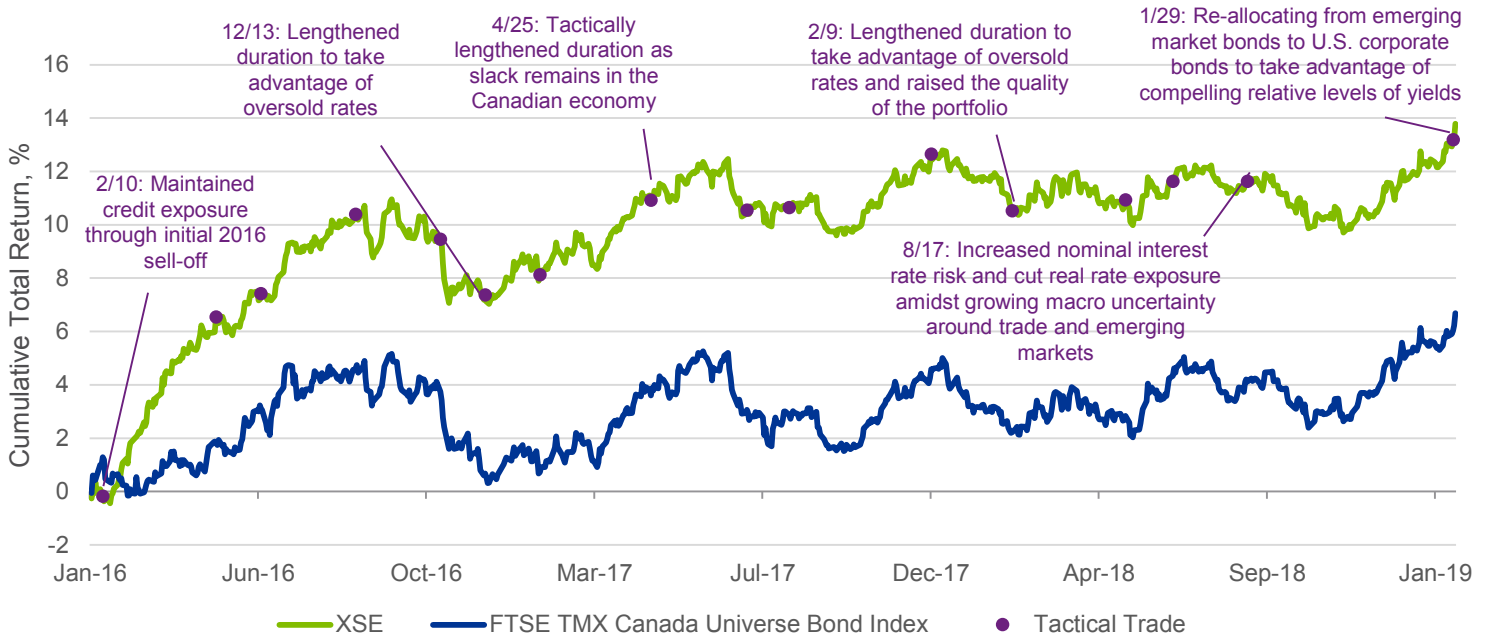
With a presence in every major market, our size and scale allows us to pursue the best opportunities throughout the world.

<sup>1</sup> Source: BlackRock, as of 3/31/18.

## Flexibility in practice:

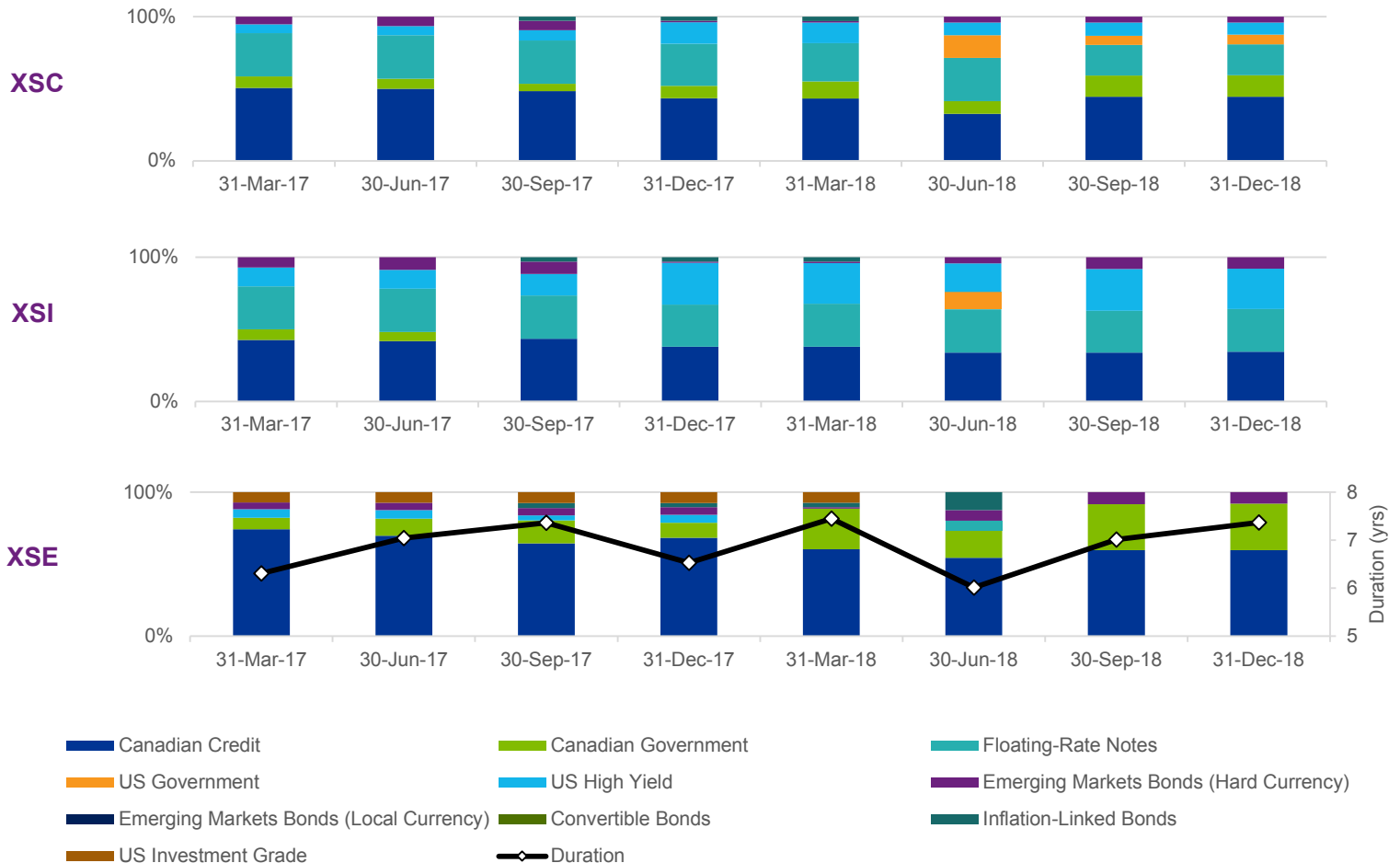
Our robust portfolio management process can adapt to changing market and economic conditions to help position the portfolio for better risk-adjusted returns.

### iShares Conservative Strategic Fixed Income ETF (XSE) - tactical trade examples since inception



3 Year Cumulative Total Return (%)	XSE	Index	Alpha (Net of Fees)
	13.79	6.69	7.10

### Historical asset allocation – All foreign currency exposures are hedged back to CAD

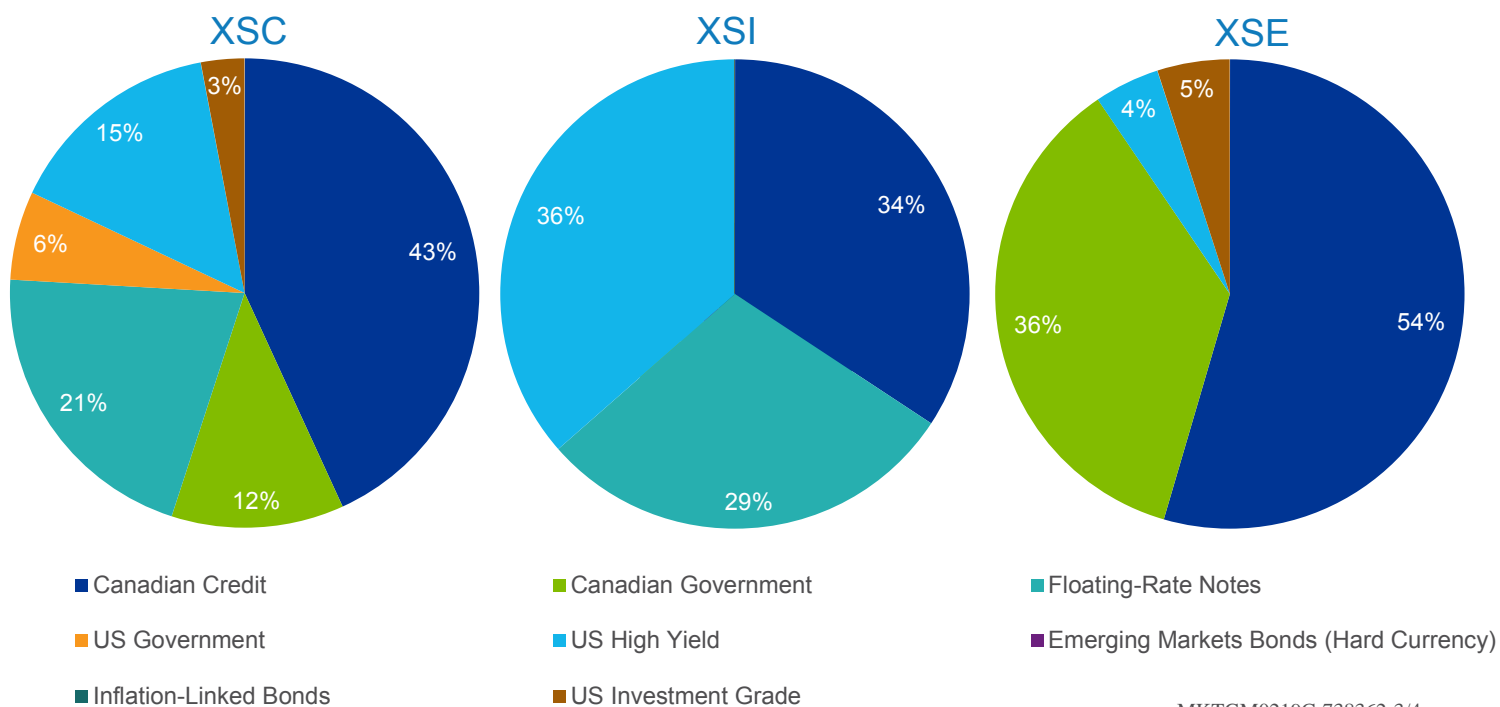


## Fund summary - Updated as of 1/31/2019

	<b>XSC</b> iShares Conservative Short Term Strategic Fixed Income ETF	<b>XSI</b> iShares Short Term Strategic Fixed Income ETF	<b>XSE</b> iShares Conservative Strategic Fixed Income ETF	<b>FTSE TMX Canada Universe Bond Index</b>
Target return / yield to maturity	<b>Yield to maturity</b> between 0.5% to 1.0% above FTSE TMX Canada Universe Bond Index	<b>Yield to maturity</b> between 1.0% to 1.5% above FTSE TMX Canada Universe Bond Index	<b>Long-term return</b> between 0.75% to 1.25% above FTSE TMX Canada Universe Bond Index	
Overall Volatility	Consistent with the broad Canadian bond market (or less)	Consistent with the broad Canadian bond market (or less)	Consistent with the broad Canadian bond market (or less)	
Maximum Duration	5 years	5 years	Unconstrained	
Maximum High Yield Exposure	25%	40%	25%	
AUM (\$ millions)	137	144	212	
<b>Key facts</b>				
Management Fee	0.40	0.50	0.50	-
Inception	9/1/2015	1/20/2015	9/1/2015	-
# of Holdings	10	5	8	-
# of Underlying Holdings	4636	1968	4382	1470
Distribution Frequency	Monthly	Monthly	Monthly	-
<b>Portfolio characteristics</b>				
Duration (years)	3.05	2.65	7.54	7.50
YTM (%)	3.21	4.13	3.14	2.57
Distribution Yield (%)	2.83	3.66	2.98	-
High Yield Allocation (%)	15.25	37.60	5.24	-
1YR Standard Deviation (ann.) (%)	1.90	2.03	3.28	3.01

## Sector exposure (%NAV) – All foreign currency exposures are hedged back to CAD

Updated as of 1/31/2019



## Portfolio management process

### ELIGIBLE UNIVERSE OF ETFS

The iShares Strategic Fixed Income ETFs can utilize a variety of Canadian and global exposures on iShares Fixed Income platform

### PORTFOLIO OPTIMIZATION

Leveraging Aladdin, BlackRock's proprietary risk management platform, the portfolio is optimized to create an allocation that satisfies specific constraints

### REVIEW AND IMPLEMENTATION

The allocations are overseen by BlackRock's Multi-Asset Strategies Group, who evaluate and adjust the portfolios using the best of BlackRock's insights

## Standardized performance

As of 1/31/2019

Standardized performance (%)		Inception Date	1 Year	3 Year	5 Year	10 year	Since inception
XSC	iShares Conservative Short Term Strategic Fixed Income ETF	9/1/2015	1.81	3.12	-	-	2.29
XSI	iShares Short Term Strategic Fixed Income ETF	1/20/2015	1.49	3.52	-	-	1.76
XSE	iShares Conservative Strategic Fixed Income ETF	9/1/2015	1.86	4.40	-	-	3.24

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