



## Comprehensive Fixed Income Solutions

The objectives of XSC and XSI are income seeking and the objective of XSE is total return. By using the Strategic Fixed Income suite, investors will have two options in their implementation: a one-ticker solution or a do-it-yourself construction with the funds' underlying ETF holdings.

## Featured Funds

- XSC** iShares Conservative Short Term Strategic Fixed Income ETF
- XSI** iShares Short Term Strategic Fixed Income ETF
- XSE** iShares Conservative Strategic Fixed Income ETF

- With the Canadian economy showing signs of moderation yet inflation remaining persistently higher than the Bank of Canada's target, we believe the Bank is at the terminal policy rate for this cycle, but is likely to keep rates restrictive for some time until inflation makes progress toward their 2% target. In the February rebalance we modestly increased credit and duration to reflect this view.
- Markets have been spellbound by central bankers' attempts to cool overheated economies. Both the Bank of Canada and the Fed signaled a pause earlier this year, and it finally seems like we're there as economic data continues to show moderation and inflation is moving toward Central Bank targets. However, labour market resilience persists, and recent wage pressures remain elevated. With this in mind, we believe that many credit markets are poised to potentially deliver reliable near-term positive total returns but emphasize the need to be tactical as economic and market conditions evolve.
- Overall, the funds seek to allocate opportunistically within fixed income markets while limiting portfolio risk to that of the broad Canadian bond market. From a tactical standpoint, we incrementally increased credit risk and duration, expressing our optimistic view on markets in the near term. These trades put the suite in a strong position to potentially deliver on its objectives in the market environment going forward.

## Characteristics

Portfolio Characteristics	iShares Conservative Short Term Strategic Fixed Income ETF (XSC)	iShares Short Term Strategic Fixed Income ETF (XSI)	iShares Conservative Strategic Fixed Income ETF (XSE)
Weighted Average Duration (years)	3.88	4.33	6.93
Weighted Average Yield to Maturity (%)	5.44	6.13	5.46
Weighted Average Coupon (%)	4.43	4.87	3.74
Weighted Average Distribution Yield (%)	4.22	4.36	2.99
Management Fee (%)	0.4	0.5	0.5
Sector Breakdown (%)			
Government	43.36	20.82	53.45
Corporate	56.49	78.93	45.96
Allocation (%)			
High Yield Allocation	15.34	38.67	27.99

Source: BlackRock, as of February 15, 2024. Subject to change. Distribution yield: the annual yield an investor would receive if the most recent fund distribution stayed the same going forward. The yield represents a single distribution from the fund and does not represent the total return of the fund. The yield is calculated by annualizing the most recent distribution and dividing by the fund NAV from the as-of date. This figure is net of management fees and other fund expenses.

# Strategic Fixed Income ETFs commentary

## iShares Conservative Short Term Strategic Fixed Income ETF (XSC)

Rebalanced as of February 15, 2024

XSC seeks to generate income by investing primarily in securities of one or more iShares ETFs that provide exposure to Canadian and international fixed income securities, while adhering to certain portfolio constraints. XSC will, upon rebalancing, generally: (i) limit its total exposure to high yield securities to 25% of its portfolio; and, (ii) limit its exposure to interest rate risk by maintaining a portfolio duration of less than five years.

In constructing XSC's portfolio, BlackRock Canada currently utilizes a proprietary portfolio optimization process to build portfolios with total volatility levels that are consistent with a broadly diversified portfolio of Canadian fixed income securities. The investment strategy of XSC also targets an average yield to maturity ranging between +50 and +100 bps above the FTSE Canada Universe Bond Index.

For more information about the fund's investment objectives and strategies, please consult the prospectus.

Ticker	Allocations	Current	Previous	Change
XLB	iShares Core Canadian Long Term Bond Index ETF	10.00%	0.00%	10.00%
XFR	iShares Floating Rate Index ETF	30.00%	30.00%	0.00%
XSB	iShares Core Canadian Short Term Bond Index ETF	14.30%	11.00%	3.30%
SHYG	iShares 0-5 Year High Yield Corporate Bond ETF	0.00%	13.40%	-13.40%
XSH	iShares Core Canadian Short Term Corporate Bond Index ETF	16.00%	16.00%	0.00%
XHB	iShares Canadian HYBrid Corporate Bond Index ETF	5.00%	5.00%	0.00%
TIP	iShares TIPS Bond ETF	0.00%	2.50%	-2.50%
MBB	iShares MBS ETF	0.00%	4.00%	-4.00%
XHY	iShares U.S. High Yield Bond Index ETF (CAD-Hedged)	14.40%	9.10%	5.30%
XFLB	iShares Core Canadian 15+ Year Federal Bond Index ETF	0.00%	3.00%	-3.00%
XGB	iShares Core Canadian Government Bond Index ETF	4.00%	4.00%	0.00%
XIG	iShares U.S. IG Corporate Bond Index ETF (CAD-Hedged)	6.30%	2.00%	4.30%

Source: BlackRock, as of February 15, 2024. Subject to change.

XSC seeks to hedge any foreign currency exposure back to Canadian dollars. Portfolio weights may not add up to 100% due to rounding. This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the Funds, (ii) the use or suitability of the model portfolios or (iii) any security in particular. Only an investor and their financial advisor know enough about their circumstances to make an investment decision.

# Strategic Fixed Income ETFs commentary

## iShares Short Term Strategic Fixed Income ETF (XSI)

Rebalanced as of February 15, 2024

XSI seeks to generate income by investing primarily in other iShares ETFs that provide exposure to fixed income securities. In constructing XSI's portfolio, BlackRock Canada currently utilizes a proprietary portfolio optimization process to build efficient portfolios with total volatility levels that are consistent with a broadly diversified portfolio of Canadian fixed income securities. The investment strategy of XSI also targets an average yield to maturity ranging between +100 and +150 bps above the FTSE Canada Universe Bond Index.

For more information about the fund's investment objectives and strategies, please consult the prospectus.

Ticker	Allocations	Current	Previous	Change
XSH	iShares Core Canadian Short Term Corporate Bond Index ETF	23.00%	23.00%	0.00%
XFR	iShares Floating Rate Index ETF	14.00%	14.00%	0.00%
SHYG	iShares 0-5 Year High Yield Corporate Bond ETF	16.50%	16.50%	0.00%
XHB	iShares Canadian HYBRID Corporate Bond Index ETF	15.00%	15.00%	0.00%
XHY	iShares U.S. High Yield Bond Index ETF (CAD-Hedged)	19.50%	18.00%	1.50%
XSB	iShares Core Canadian Short Term Bond Index ETF	0.00%	5.00%	-5.00%
MBB	iShares MBS ETF	0.00%	4.00%	-4.00%
TIP	iShares TIPS Bond ETF	0.00%	2.50%	-2.50%
XFLB	iShares Core Canadian 15+ Year Federal Bond Index ETF	2.00%	2.00%	0.00%
XLB	iShares Core Canadian Long Term Bond Index ETF	10.00%	0.00%	10.00%

Source: BlackRock, as of February 15, 2024. Subject to change.

XSI seeks to hedge any foreign currency exposure back to Canadian dollars. Portfolio weights may not add up to 100% due to rounding.

This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the Funds, (ii) the use or suitability of the model portfolios or (iii) any security in particular. Only an investor and their financial advisor know enough about their circumstances to make an investment decision.

# Strategic Fixed Income ETFs commentary

## iShares Conservative Strategic Fixed Income ETF (XSE)

Rebalanced as of February 15, 2024

XSE seeks to generate income by investing primarily in securities of one or more iShares ETFs that provide exposure to Canadian and international fixed income securities while adhering to certain portfolio constraints. In seeking to generate income, XSE will, upon rebalancing, generally limit its total exposure to high yield securities to 25% of its portfolio.

In constructing XSE's portfolio, BlackRock Canada currently utilizes a proprietary portfolio optimization process to build efficient portfolios with total volatility levels that are consistent with a broadly diversified portfolio of Canadian fixed income securities. The investment strategy of XSE also targets a long-term expected return ranging between +75 and +125 bps above the FTSE Canada Universe Bond Index, with the same or less level of risk.

For more information about the fund's investment objectives and strategies, please consult the prospectus.

Ticker	Allocations	Current	Previous	Change
XGB	iShares Core Canadian Government Bond Index ETF	10.50%	28.10%	-17.60%
FALN	iShares Fallen Angels USD Bond ETF	12.00%	12.00%	0.00%
XSTH	iShares 0-5 Year TIPS Bond Index ETF (CAD-Hedged)	12.00%	12.00%	0.00%
XFLB	iShares Core Canadian 15+ Year Federal Bond Index ETF	11.00%	11.00%	0.00%
TIP	iShares TIPS Bond ETF	0.00%	7.00%	-7.00%
XCB	iShares Core Canadian Corporate Bond Index ETF	6.00%	6.00%	0.00%
XHB	iShares Canadian HYBrid Corporate Bond Index ETF	6.00%	6.00%	0.00%
MBB	iShares MBS ETF	4.00%	4.00%	0.00%
XFR	iShares Floating Rate Index ETF	12.40%	2.40%	10.00%
XTLH	iShares 20+ Year U.S. Treasury Bond Index ETF (CAD-Hedged)	10.60%	0.00%	10.60%
SHYG	iShares 0-5 Year High Yield Corporate Bond ETF	8.50%	4.50%	4.00%
XHY	iShares U.S. High Yield Bond Index ETF (CAD-Hedged)	7.00%	7.00%	0.00%

Source: BlackRock, as of February 15, 2024. Subject to change.

XSE seeks to hedge any foreign currency exposure back to Canadian dollars. Portfolio weights may not add up to 100% due to rounding. This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the Funds, (ii) the use or suitability of the model portfolios or (iii) any security in particular. Only an investor and their financial advisor know enough about their circumstances to make an investment decision.

# Strategic Fixed Income ETFs commentary

## ETF total returns as of February 29, 2024

Ticker	Fund Name	MER (%)	Inception Date	YTD (%)	1Y (%)	3Y Ann. (%)	5Y Ann. (%)	10Y Ann. (%)	Incept Ann. (%)
XSC	iShares Conservative Short Term Strategic Fixed Income ETF	0.44	01-Sep-15	0.02	5.41	-0.34	1.04	-	1.57
XSI	iShares Short Term Strategic Fixed Income ETF	0.55	20-Jan-15	0.12	6.41	-0.13	1.26	-	1.54
XSE	iShares Conservative Strategic Fixed Income ETF	0.55	01-Sep-15	-1.26	4.38	-2.22	0.60	-	1.69

Source: BlackRock; Data as of February 29, 2024. Past performance does not guarantee future results. As reported in the fund's most recent Annual Management Report of Fund Performance. MER includes all management fees and GST/HST paid by the fund for the period, including fees paid indirectly as a result of holdings of other ETFs.

Publication date: March 18, 2024

Investing involves risk, including possible loss of principal.

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").

Commissions, trailing commissions, management fees and expenses all may be associated with investing in exchange-traded funds (ETFs). Please read the relevant prospectus or ETF Facts document 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 optional charges or income taxes payable by any securityholder that would have reduced returns. ETFs 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.

The iShares ETFs are not connected, sponsored, endorsed, issued, sold or promoted by Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services, Limited ("Bloomberg"), Cohen & Steers Capital Management Inc., London Stock Exchange Group plc and its group undertakings ("LSE Group", ICE Data Indices, LLC., ICE Benchmark Administration Limited, Jantzi Research Inc., Markit Indices Limited, Morningstar, Inc., MSCI Inc., MSCI ESG Research and Bloomberg, NASDAQ OMX Group Inc., NYSE FactSet or S&P Dow Jones Indices LLC. ("S&P"). None of these companies make any representation regarding the advisability of investing in the iShares ETFs. BlackRock Asset Management Canada Limited is not affiliated with the companies listed above. The Prospectus contains a more detailed description of the limited relationship the companies have with BlackRock Asset Management Canada Limited and any related ETFs.

® / TM Trademark(s) of Royal Bank of Canada. Used under licence. iSHARES is a registered trademark of BlackRock, Inc., or its affiliates. Used under licence. © 2024 BlackRock Asset Management Canada Limited and RBC Global Asset Management Inc. All rights reserved.