



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 (BoC)'s target, we believe the Bank may be near, if not already 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 November rebalance we incrementally increased credit and duration to reflect this view. We reduced short-term and floating rate investment grade bonds in favour of longer duration, fixed rate bonds. We also increased exposure to US high yield. These changes reflect our cautious optimism in global credit markets and the opportunity to take advantage of the higher yields fixed income provides.
- Markets have been spellbound by central bankers' attempts to cool overheated economies. Both the BoC and the US Federal Reserve signaled a pause earlier this year, and it finally seems like we might be 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 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 keeping the overall portfolio risk to be in line with the broad Canadian bond market. From a tactical standpoint, we incrementally increased credit risk and duration, expressing our cautiously optimistic view on markets in the near term. These trades put the suite in a strong position to 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) | 3.09 | 3.37 | 6.78 |
| Weighted Average Yield to Maturity (%) | 5.98 | 6.57 | 5.50 |
| Weighted Average Coupon (%) | 4.46 | 4.65 | 3.27 |
| Weighted Average Distribution Yield (%) | 4.00 | 4.29 | 2.98 |
| Management Fee (%) | 0.40 | 0.50 | 0.50 |
| Sector Breakdown (%) | | | |
| Government | 38.69 | 18.53 | 59.79 |
| Corporate | 61.31 | 81.47 | 40.21 |
| Allocation (%) | | | |
| High Yield Allocation | 22.57 | 36.10 | 23.80 |

Source: BlackRock, as of November 15, 2023. Subject to change.

iShares Conservative Short Term Strategic Fixed Income ETF (XSC)

Rebalanced as of November 15, 2023

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 estimate 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 |
|--------|---|---------|----------|--------|
| XFR | iShares Floating Rate Index ETF | 30.0% | 30.0% | 0.0% |
| XSB | iShares Core Canadian Short Term Bond Index ETF | 18.0% | 23.0% | -5.0% |
| SHYG | iShares 0-5 Year High Yield Corporate Bond ETF | 13.4% | 13.4% | 0.0% |
| XSH | iShares Core Canadian Short Term Corporate Bond Index ETF | 16.0% | 16.0% | 0.0% |
| XHB | iShares Canadian HYBrid Corporate Bond Index ETF | 5.0% | 5.0% | 0.0% |
| TIP | iShares TIPS Bond ETF | 2.5% | 2.5% | 0.0% |
| MBB | iShares MBS ETF | 4.0% | 4.0% | 0.0% |
| XHY | iShares U.S. High Yield Bond Index ETF (CAD-Hedged) | 6.1% | 3.1% | 3.0% |
| XFLB | iShares Core Canadian 15+ Year Federal Bond Index ETF | 3.0% | 3.0% | 0.0% |
| XGB | iShares Core Canadian Government Bond Index ETF | 2.0% | 0.0% | 2.0% |

Source: BlackRock, as of November 15, 2023. 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 November 15, 2023

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 | 16.50% | 19.50% | -3.00% |
| 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) | 15.00% | 10.00% | 5.00% |
| XSB | iShares Core Canadian Short Term Bond Index ETF | 2.50% | 7.50% | -5.00% |
| MBB | iShares MBS ETF | 4.00% | 4.00% | 0.00% |
| TIP | iShares TIPS Bond ETF | 2.50% | 2.50% | 0.00% |
| XFLB | iShares Core Canadian 15+ Year Federal Bond Index ETF | 2.00% | 2.00% | 0.00% |
| XGB | iShares Core Canadian Government Bond Index ETF | 3.00% | 0.00% | 3.00% |

Source: BlackRock, as of November 15, 2023. 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.

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Strategic Fixed Income ETFs commentary

iShares Conservative Strategic Fixed Income ETF (XSE)

Rebalanced as of November 15, 2023

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 | 28.10% | 28.10% | 0.00% |
| 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 | 7.00% | 7.00% | 0.00% |
| 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 | 3.50% | 8.50% | -5.00% |
| XIG | iShares U.S. IG Corporate Bond Index ETF (CAD-Hedged) | 3.00% | 0.00% | 3.00% |
| XIGS | iShares 1-5 Year U.S. IG Corporate Bond Index ETF (CAD-Hedged) | 2.90% | 2.90% | 0.00% |
| SHYG | iShares 0-5 Year High Yield Corporate Bond ETF | 2.50% | 2.50% | 0.00% |
| XHY | iShares U.S. High Yield Bond Index ETF (CAD-Hedged) | 2.00% | 0.00% | 2.00% |

Source: BlackRock, as of November 15, 2023. 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.

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Strategic Fixed Income ETFs commentary

ETF total returns as of October 31, 2023

| 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 | 1.94 | 3.47 | -1.50 | 0.65 | - | 1.10 |
| XSI | iShares Short Term Strategic Fixed Income ETF | 0.55 | 20-Jan-15 | 2.04 | 3.61 | -1.35 | 0.67 | - | 0.97 |
| XSE | iShares Conservative Strategic Fixed Income ETF | 0.55 | 01-Sep-15 | -0.88 | 0.51 | -4.63 | 0.14 | - | 1.01 |

Source: BlackRock; Data as of October 31, 2023

Publication date: November 16, 2023

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. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of return are the historical annual compounded total returns for the periods indicated 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 unitholder that would have reduced returns. Tax, investment and all other decisions should be made, as appropriate, only with guidance from a qualified professional.

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