

# US ELECTION: KEY THEMES TO WATCH

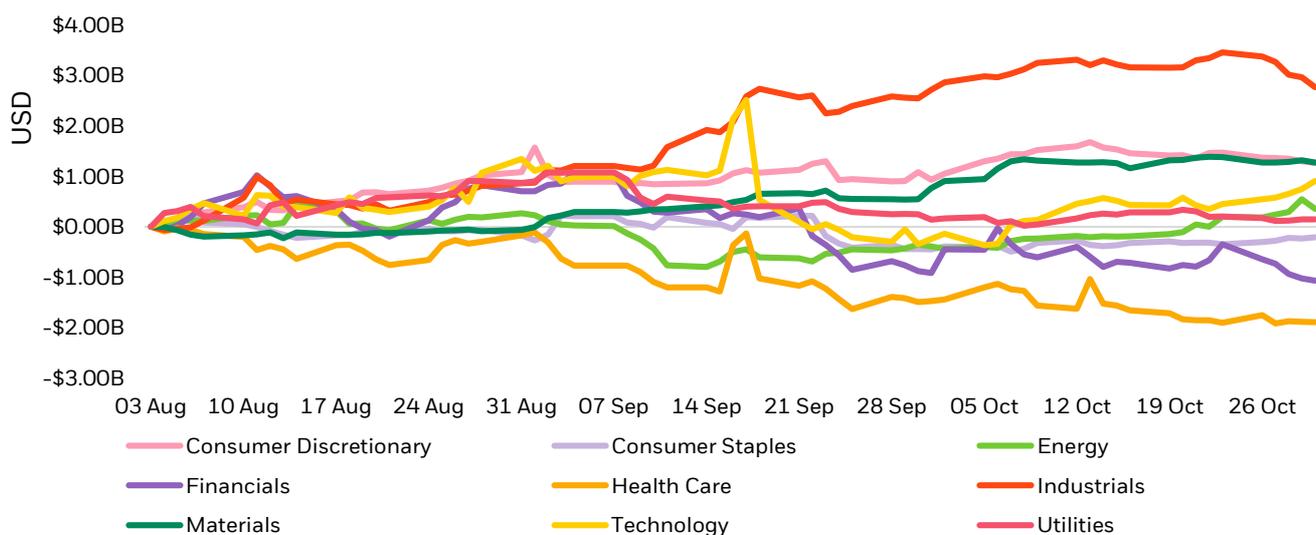
November 2020

- **Joe Biden has won the 2020 US presidential election.** A Democratic victory without Senate control would reinforce market trends such as the hunt for yield and growth stocks.
- **We believe simplistic narratives about the overall market direction are best avoided,** and see the biggest election-related implications playing out within asset classes and sectors.
- **In this guide, we examine these themes,** with implementation ideas across index and active products.

Joe Biden has won the contest for the White House – an outcome that signifies a return to a near-term market environment dominated by low rates, a hunt for yield and growth stocks. Against a historic backdrop of a pandemic, a victory in the battleground state of Pennsylvania pushed President-elect Biden above the 270 electoral votes needed to win the presidency. Risks to the outcome appear remote, and we [prefer](#) to look through any market volatility that legal challenges by President Trump may bring. A Democratic sweep – with Democrats also seizing control of the US Senate – looks unlikely, although a runoff election for two Georgia Senate seats in January keeps the race alive.

Uncertainty over the election and its aftermath has been a key driver of our neutral view on US equities, where we prefer a quality tilt and taking a selective approach. Credit has been less sensitive to election headlines, with US credit ETP flows largely driven by central bank support and medium-term inflation risks, which we think are under-priced; these drivers are likely to persist. October saw US equity ETP inflows drop to the lowest level since July with just over \$6B added, down from \$16.7B in September. Industry sector ETP flows have picked up, with positive inflows across all sectors in October, marking moderation of September's distinct cyclical tilt. Trading volumes suggest that investors have been using sector ETPs to selectively position around the election. We saw a significant pickup in volumes on our iShares EMEA US equity ETFs, with all of our US sector funds trading above their 3-month ADV. Over one month, trading on materials has increased by over 1,000% of its 3-month ADV, while the banks sector is close to 600% and energy at 240% – a clear cyclical trend.<sup>1</sup> At the same time, while US clients have been looking at options strategies on ETFs, more defensively-minded EMEA clients, looking to hedge volatility risk with VIX options or put protection. Notably, volatility markets have been pricing in a protracted period of uncertainty with VIX futures well bid from October to December, and not just around the US election date itself.

## Cumulative flows into US sector ETPs, August to October 2020



Source: BlackRock and Markit, 30 October 2020. **Past flows into US sector ETPs are not a guide to current or future flows and should not be the sole factor of consideration when selecting a product.** This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation to, offer or solicitation to buy or sell any financial instrument or product or to adopt any investment strategy. Investment in the products mentioned in this document may not be suitable for all investors. BlackRock has not considered the suitability of any product against your individual needs and risk tolerance. All figures in USD.

**1** Source: BlackRock, as at 30 October 2020

## DOMESTIC POLICY

The election will have significant implications for the US economy and the trajectory of its cyclical uptick. While the US is still managing the effects of the pandemic, the growth recovery is underway, with activity levels picking up. Yet domestic spending and revenue spreads are at wides not seen since the global financial crisis; at the same time, the pandemic has increased income inequality.

Infrastructure spending is likely to ramp up in 2021: against the backdrop of the pandemic and US-China tensions, both sides of the aisle recognise the need to stimulate growth and move towards more localised supply chains. Investment in infrastructure would likely benefit classic cyclicals such as industrials; a focus on domestic growth could also support small caps and the value factor, which is well positioned in a stimulus environment, particularly if inflation expectations were to continue rising. Financials could benefit from a steeper yield curve, the prospect of dividends returning, and the cyclical rebound as a whole. The sector could take a hit from potential increased regulation down the line, alongside idiosyncratic stories such as the FinCEN leak in September. In factors, value is well positioned in a stimulus environment, particularly if inflation expectations were to continue rising.

### Implementation

Active Index

<b>IUFS</b>	iShares US Financials UCITS ETF	<b>IUVL</b>	iShares Edge MSCI USA Value Factor UCITS ETF		<b>BGF US Basic Value Fund</b>
<b>IUIS</b>	iShares S&P Industrials UCITS ETF	<b>TIP5</b>	iShares \$ TIPS 0-5 UCITS ETF		<b>BGF US World Financials Fund</b>
					<b>BGF Global Inflation Linked Bond Fund</b>

## FOREIGN POLICY

We expect heightened protectionism to continue in the months ahead, alongside the decoupling of US and China. A hard line on China has bipartisan support in the US, and the pandemic has accelerated the bifurcation of the US and Chinese economies, highlighting the importance of owning both in portfolios.

### Implementation

Active Index

<b>I500</b>	iShares S&P 500 Swap UCITS ETF	<b>LOCK</b>	iShares Digital Security UCITS ETF	<b>CNYA</b>	iShares MSCI China A UCITS ETF
<b>CNYB</b>	iShares China CNY Bond UCITS ETF		<b>BGF China Bond Fund</b>		

## SECTORAL IMPLICATIONS: HEALTHCARE AND TECHNOLOGY

Both sectors have been in the spotlight this year, with tech leading the recovery rally and healthcare in focus due to the pandemic. In our view, significant regulatory changes look unlikely in the short term, as the economic recovery and Covid response take centre stage.

Focus on healthcare is greater than ever in 2020 amid the ongoing Covid-19 pandemic, and spending is likely to be ramped up. Healthcare has also been one of the only sectors to register positive earnings delivery in 2020. The longer-term implications remain to be seen – healthcare is a relatively low-taxed sector, but policymakers may be wary of targeting healthcare firms in the midst of a pandemic. The healthcare sector overall lagged the summer recovery rally. Pharmaceuticals, which have given up their outperformance to trade on par with the S&P 500 on a YTD basis, could benefit from a vaccine announcement. However, patent expiration pressure remains a challenge – and could lead to increased M&A in smaller cap biotechs. Medical devices look well supported as pent up demand starts to hit the tape for elective medical procedures delayed at the height of the pandemic.

The concentrated nature of the market recovery in US equities has kept a spotlight on tech this year. Despite September's tech selloff, the sector remains attractive given its strong fundamentals, exhibiting quality characteristics such as high ROE and levels of cash on balance sheets. Tech was one of the only sectors to see strong revenue and positive earnings in 2020.

### IMPLEMENTATION

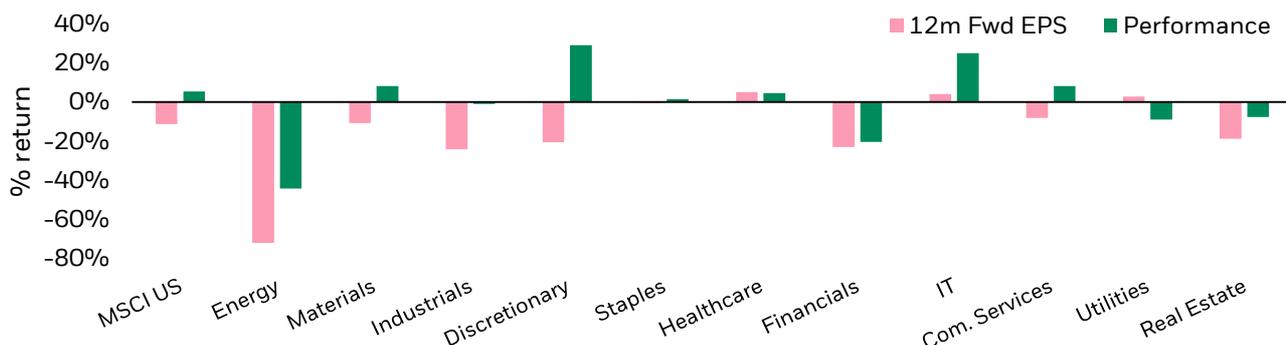
Active Index

<b>IUHC</b>	iShares S&P 500 Health Care Sector UCITS ETF	<b>BTEC</b>	iShares Nasdaq US Biotechnology UCITS ETF	<b>HEAL</b>	iShares Healthcare Innovation UCITS ETF
<b>IUIT</b>	iShares S&P 500 Information Technology Sector UCITS ETF	<b>UMDV</b>	iShares US Medical Devices UCITS ETF		<b>BGF World Healthscience Fund</b>
					<b>BGF World Technology Fund</b>

Please visit [BlackRock.com](https://www.blackrock.com) for our full range of active funds, ETFs, and index mutual funds.

References to specific investments are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such investments.

**12M FWD EPS and 12M Performance for US sectors**



5Y performance (% net total return USD)

US sectors	2015	2016	2017	2018	2019 YTD	2020
S&P 500 Information Technology (SPSVITN index)	5	12	38	-1	50	29
S&P 500 Healthcare (SPSVHCN index)	6	-4	21	6	20	6
MSCI USA (NDDUUS index)	1	10	21	-5	31	9
S&P 500 Energy (SPSVEN index)	-22	27	-2	-19	11	-48
S&P 500 Financials (SPSVFN index)	-2	21	22	-14	31	-18
MSCI USA Industrials (MXUSOIN index)	-4	15	19	-15	27	-1
MSCI USA Materials (MXUSOMT index)	-10	13	22	-18	22	6
MSCI USA Consumer Discretionary (MXUSOCD index)	7	4	22	0	26	35
MSCI USA Consumer Staples (MXUSOCS index)	3	2	10	-11	24	3
S&P 500 Communication Services (SPX450UN index)	4	13	31	-1	44	23
S&P 500 Utilities (SP5NUTIL index)	-6	14	11	3	25	-2

**The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.** Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index.

Source: J.P. Morgan, Bloomberg, as at 24 September 2020.

**ENERGY AND SUSTAINABILITY**

With wildfires raging across California this autumn, the climate crisis has not strayed far from minds or headlines. But for investors, sustainability goes beyond the ‘E’ in ESG. During the March drawdown, we saw that sustainable benchmarks held up well in volatility – in part due to the ‘S’ (social) and ‘G’ (governance) elements, with companies with good corporate culture and strong balance sheets better positioned to weather the storm. More stringent ESG screens – as in SRI indices – tend to tilt towards companies with quality and low volatility characteristics, which may also boost defensiveness.

**IMPLEMENTATION**

Active Index

<b>SUAS</b>	iShares MSCI USA SRI UCITS ETF	<b>IUQA</b>	iShares Edge MSCI USA Quality Factor UCITS ETF	<b>INRG</b>	iShares Global Clean Energy UCITS ETF
<b>CITY</b>	iShares Smart City Infrastructure UCITS ETF		BGF Sustainable Energy Fund		BlackRock US Flexible Equity ESG Screened Fund

**Positioning for volatility**

In previous election years, we have tended to see markets respond to US results in November. Yet with greater uncertainty in 2020, investors may be looking to prepare for a rise in volatility. Building defence looks different today than it did in Q1: the pandemic has accelerated long-term structural trends, undermining traditional sources of ballast like nominal bonds. We see several key themes to resilience in this environment: tilting towards high quality stocks, secular growth engines, and precious metals; diversifying bond holdings to include inflation-linkers and Chinese government bonds; and turning towards private markets and sustainable exposures. For more, please see our [Q4 Implementation Guide](#).

BlackRock is here to partner with clients to navigate the current uncertainty, and help adapt to the market impact of an election result which could be felt for years to come. Whether you are looking for help in i) redesigning strategic asset allocations, utilising robust optimisation techniques that incorporate uncertainty around our forecasts; ii) testing the robustness of your portfolio through different scenario tests; or iii) help in navigating the products or indices that could help investors to achieve their portfolio outcomes in a different market environment, we can provide bespoke analysis and insights to help you build more resilient portfolios. Please reach out to the BlackRock Portfolio Analysis and Solutions (BPAS) team and the [Index Insights](#) team for more information. For those seeking off-the-shelf portfolio solutions to a range of investor challenges, our Model Portfolio Solutions team (MPS) may be able to help.

## Risk Warnings

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. The data displayed provides summary information. Investment should be made on the basis of the relevant Prospectus which is available from the manager.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

### Product Risks

#### **iShares S&P 500 Financials Sector UCITS ETF USD (Acc)**

Concentration Risk, Counterparty Risk, Equity Risk

#### **iShares Edge MSCI USA Value Factor UCITS ETF USD (Acc)**

Counterparty Risk, Equity Risk, Factor Focus Risk, Index Methodology Risk

#### **iShares S&P 500 Industrials Sector UCITS ETF**

Concentration Risk, Counterparty Risk, Equity Risk

#### **iShares \$ TIPS 0-5 UCITS ETF**

Counterparty Risk, Credit Risk, Liquidity Risk

#### **iShares \$ High Yield Corp Bond UCITS ETF USD (Dist)**

Counterparty Risk, Credit Risk, Liquidity Risk, Non-Investment Grade Risk

#### **iShares MSCI China A UCITS ETF USD (Acc)**

Concentration Risk, Counterparty Risk, Currency Risk, Emerging Markets Risk, Equity Risk, iShares MSCI China A UCITS ETF - Tax, iShares MSCI China A UCITS ETF - Renminbi RQFII, Liquidity Risk

#### **iShares China CNY Bond UCITS ETF USD (Dist)**

Concentration Risk, Counterparty Risk, Credit Risk, Currency Risk, Emerging Markets Risk, iShares MSCI China A UCITS ETF - Tax, iShares MSCI China A UCITS ETF - Renminbi RQFII, Liquidity Risk

#### **iShares S&P 500 Health Care Sector UCITS ETF USD (Acc)**

Concentration Risk, Counterparty Risk, Equity Risk

#### **iShares Nasdaq US Biotechnology UCITS ETF**

Concentration Risk, Counterparty Risk, Equity Risk

#### **iShares Healthcare Innovation UCITS ETF USD (Acc)**

Concentration Risk, Counterparty Risk, Emerging Markets Risk, Equity Risk, Liquidity Risk, Smaller Companies Risk

#### **iShares S&P 500 Information Technology Sector UCITS ETF USD (Acc)**

Concentration Risk, Counterparty Risk, Equity Risk

#### **iShares S&P 500 Swap UCITS ETF USD (Acc)**

Counterparty Risk, Currency Risk, Derivatives Risk, Equity Risk, Commodity Swaps Risk

#### **iShares Smart City Infrastructure UCITS ETF USD (Acc)**

Concentration Risk, Counterparty Risk, Emerging Markets Risk, Equity Risk, Environmental, Social and Governance (ESG) Risk, Liquidity Risk, Smaller Companies Risk

#### **iShares US Medical Devices UCITS ETF USD (Acc)**

Concentration Risk, Counterparty Risk, Equity Risk

#### **iShares Digital Security UCITS ETF**

Concentration Risk, Counterparty Risk, Emerging Markets Risk, Equity Risk, Investment in Technology Securities Risk, Liquidity Risk, Smaller Companies Risk

#### **iShares Edge MSCI USA Quality Factor UCITS ETF USD (Acc)**

Counterparty Risk, Equity Risk, Factor Focus Risk, Index Methodology Risk

#### **iShares MSCI USA SRI UCITS ETF USD (Acc)**

Counterparty Risk, Equity Risk, Environmental, Social and Governance (ESG) Risk

#### **iShares Global Clean Energy UCITS ETF USD (Dist)**

Concentration Risk, Counterparty Risk, Equity Risk, Investments in the Global Clean Energy Industry Risk

#### **BGF Global Inflation Linked Bond Fund**

Exchange rate risk Liquidity risk Inflation Linked Bonds Structured Credit products Derivatives risk

#### **BGF China Bond Fund**

Exchange rate risk, Emerging markets Smaller, company risk, China, Concentration Risk (Single Country)

#### **BGF Sustainable Energy Fund**

Exchange rate risk, Specific sectors, Smaller Company risk, Emerging markets risk, ESG Policy risk

#### **BGF US Basic Value Fund**

Exchange rate risk, Equity risk

#### **BlackRock US Flexible Equity ESG Screened Fund**

Exchange rate risk, Equity risk, ESG Policy risk

#### **BGF World Financials Fund**

Exchange rate risk, Sector Specific

#### **BGF World Healthscience Fund**

Exchange rate risk, Sector Specific

#### **BGF World Technology Fund**

Exchange rate risk, Sector Specific

## Description of Product Risks

### China

Investments in China are subject to certain additional risks, particularly regarding the ability to deal in equity securities in China due to issues relating to liquidity and the repatriation of capital. As a result, the Fund may choose to gain exposure to Chinese equities indirectly and may be unable to gain full exposure to Chinese equity markets.

### Commodity Swaps Risk

The prices of commodities tend to experience greater variations than other asset classes (e.g. equities or fixed income securities). Investments in commodities are therefore potentially riskier than other types of investments.

### Concentration Risk

Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events

### Counterparty Risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

### Credit Risk

The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

### Currency Risk

The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.

### Derivatives Risk

Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.

### Derivatives Risk

The Fund uses derivatives as part of its investment strategy. Compared to a fund which only invests in traditional instruments such as stocks and bonds, derivatives are potentially subject to a higher level of risk.

### Emerging Markets Risk

Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund.

### Environmental, Social and Governance (ESG) Risk

The benchmark index only excludes companies engaging in certain activities inconsistent with ESG criteria if such activities exceed the thresholds determined by the index provider. Investors should

therefore make a personal ethical assessment of the benchmark index's ESG screening prior to investing in the Fund. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

### Equity risk

The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

### ESG Policy risk

The Fund seeks to exclude companies engaging in certain activities inconsistent with ESG criteria. Investors should therefore make a personal ethical assessment of the Fund's ESG screening prior to investment. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

### Exchange rate risk

The return of your investment may increase or decrease as a result of currency fluctuations.

### Inflation Linked Bonds

Inflation linked bonds are fixed interest securities where the coupon payments increase and decrease with changes in official inflation rates. Such bonds offer investors some protection against rising levels of inflation, since rising official inflation data automatically feeds through into coupon payments. However, investors should be aware that inflation linked bonds may, under certain circumstances, offer a slightly lower coupon payment compared to other types of fixed interest securities. Also, given that these securities are not exposed to inflation rate risk, should inflation rates decrease, the value of an inflation linked bond may not increase in price as might be expected for some other sorts of bond.

### Factor Focus Risk

Indices with a factor focus are less diversified than their parent index because they have predominant exposure to a single factor rather than the multiple factor exposure of most indices. Therefore they will be more exposed to factor related market movements. Investors should consider this fund as part of a broader investment strategy.

### Index Methodology Risk

Although the Benchmark Index was created to select securities within the Parent Index for their recent price increases on the assumption that such increases will continue, there is no guarantee this objective will be achieved.

### Investments in the Global Clean Energy Industry Risk

Investments in the global clean energy industry are subject to environmental concerns, taxes, government regulation, price, supply and competition.

### Investment in Technology Securities Risk

Investments in the technology securities are subject to absence or loss of intellectual property protections, rapid changes in technology, government regulation and competition.

**iShares MSCI China A UCITS ETF - Tax**

The PRC/Ireland tax treaty provides for exemption from Chinese capital gains tax on sales of the Fund's investment in China A Shares. Although the Fund is expected to be exempt, there is a risk that the PRC tax authorities could consider the Fund not to be eligible for the PRC/Ireland tax treaty and seek to collect such tax on a retrospective basis, which would affect the value of the investment.

**iShares MSCI China A UCITS ETF - Renminbi RQFII**

The Fund invests via the Renminbi Qualified Foreign Institutional Investor (RQFII) Investment Manager Program in China A Shares. It may be subject to changes to the policies and regulations of the RQFII program that may adversely affect the Fund or the RQFII quota and the ability to hold China A shares. The Fund is subject to the restrictions and requirements applicable to RQFII investments and to the following risks: regulatory, licensing, quota and repatriation risks, PRC, RQFII custodian and brokerage risks of the PRC, and foreign exchange risk and risk of conflict in the PRC RQFII quota allocation.

**Liquidity Risk**

Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily

**Non-Investment Grade Risk**

Non-investment grade fixed income securities are more sensitive to changes in interest rates and present greater 'Credit Risk' than higher rated fixed income securities.

**Smaller Companies Risk**

Shares in smaller companies typically trade in less volume and experience greater price variations than larger companies.

**Specific sectors**

The fund invests in a limited number of market sectors. Compared to investments which spread investment risk through investing in a variety of sectors, share price movements may have a greater effect on the overall value of this fund.

**Structured credit products**

The fund(s) may invest in structured credit products such as asset backed securities ('ABS') which pool together mortgages and other debts into single or multiple series credit products which are then passed on to investors, normally in return for interest payments based on the cash flows from the underlying assets. The stability of returns from ABS are dependent on changes in economic conditions, interest rates (albeit given the floating rate nature of the asset this risk is limited when compared to corporate bonds) and repayments of the underlying loans because of changes in economic conditions or the circumstances of the holder of the loan.

**Regulatory Information**

**This material is for distribution to Professional Clients (as defined by the Financial Conduct**

**Authority or MiFID Rules) only and should not be relied upon by any other persons.**

Until 31 December 2020, issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

Until 31 December 2020, issued by BlackRock Advisors (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: +44 (0)20 7743 3000. Registered in England and Wales No. 00796793. For your protection, telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

From 1 January 2021, in the event the United Kingdom and the European Union do not enter into an arrangement which permits United Kingdom firms to offer and provide financial services into the European Economic Area, the issuer of this material is:

- (i) BlackRock Investment Management (UK) Limited and BlackRock Advisors (UK) Limited for all outside of the European Economic Area; and
- (ii) BlackRock (Netherlands) B.V. for in the European Economic Area,

BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

iShares plc, iShares II plc, iShares III plc, iShares IV plc, iShares V plc, iShares VI plc and iShares VII plc (together 'the Companies') are open-ended investment companies with variable capital having segregated liability between their funds organised under the laws of Ireland and authorised by the Central Bank of Ireland.

Further information about the Fund and the Share Class, such as details of the key underlying investments of the Share Class and share prices, is available on the iShares website at [www.ishares.com](http://www.ishares.com) or by calling +44 (0)845 357 7000 or from your broker or financial adviser. The indicative intra-day net asset value of the Share Class is available at <http://deutsche-boerse.com> and/or <http://www.reuters.com>. A UCITS ETF's units / shares that have been acquired on the secondary market cannot usually be sold directly back to the UCITS ETF itself. Investors who are not Authorised Participants must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so.

In addition, as the market price at which the Shares are traded on the secondary market may differ from the Net Asset Value per Share, investors may pay more than the then current Net Asset Value per Share when buying shares and may receive less than the current Net Asset Value per Share when selling them.

This material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) only and should not be relied upon by any other persons.

BlackRock Global Funds (BGF) and BlackRock Strategic Funds (BSF) are open-ended investment companies established and domiciled in Luxembourg which are available for sale in certain jurisdictions only. BGF and BSF are not available for sale in the U.S. or to U.S. persons. Product information concerning BGF and BSF should not be published in the U.S. BlackRock Investment Management (UK) Limited is the Principal Distributor of BGF and BSF. Subscriptions in BGF and BSF are valid only if made on the basis of the current Prospectus, the most recent financial reports and the Key Investor Information Document, which are available on our website. Prospectuses, Key Investor Information Documents and application forms may not be available to investors in certain jurisdictions where the Fund in question has not been authorised.

The BlackRock US Flexible Equity ESG Screened Fund is a sub fund of the BlackRock Funds I ICAV (the 'Fund'). The Fund is structured as a unit trust organised under the laws of Ireland and authorised by the Central Bank of Ireland as UCITS for the purposes of UCITS Regulations. Investment in the sub-fund(s) is only open to 'Qualified Holders', as defined in the relevant Fund Prospectus. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document (KIID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Prospectuses, Key Investor Information Documents and application forms may not be available to investors in certain jurisdictions where the Fund in question has not been authorised.

#### **For investors in Austria**

The funds mentioned in this document are registered for public offer in Austria. The Sales Prospectuses for the Companies, Key Investor Information Document and other documents as well as the annual and semi-annual reports have been published in Austria and are available free of charge from UniCredit Bank AG Vienna Branch, Julius Tandler Platz 3, 1090 Vienna, Austria, the Austrian paying and information agent and are also available on the website [www.ishares.at](http://www.ishares.at). Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited

accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. The Companies intend to fulfil the requirements for treatment of all of their sub-funds as reporting funds. Therefore the Companies have an Austrian tax representative who calculates the Austrian Deemed Distributed Income figures once a year and files an electronic tax return with the Austrian Control Bank. However, it cannot be guaranteed that the requirements will be met in the future. The Companies reserve the right to give up the reporting fund status and to not undertake such tax filings.

**BGF/BSF:** For further information, the prospectus, Key Investor Information Document, annual report and semi-annual report can be obtained free of charge in hardcopy form from the Austrian paying agent: Raiffeisen Zentralbank Österreich AG, A-1030 Vienna, Am Stadtpark 9.

**I ICAV:** For further information, the prospectus, Key Investor Information Document, annual report and semi-annual report can be obtained free of charge in hardcopy form from the Austrian paying agent: Unicredit Bank Austria AG, Julius Tandler Platz 3, 1090 Vienna.

#### **For investors in Denmark**

This document is directed at Professional Investors in Denmark only and the Funds are authorised by Finanstilsynet, the Danish Financial Supervisory Authority. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts and the Danish country supplements. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Copies of all documentation can be obtained free of charge from offices of the paying agent at BlackRock (Netherlands) BV, Copenhagen Branch, Harbour House, Sundkrogsgade 21, 2100 København Ø, Denmark. This document is strictly confidential and may not be distributed without authorisation from BlackRock.

#### **For investors in Finland**

The funds mentioned are registered for public distribution in Finland and are authorised by the Finanssivalvonta (Fiva), the Financial Supervisory Authority (FIN-FSA), in Finland. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. This document is strictly confidential and may not be distributed without authorisation from BlackRock.

**BGF/BSF:** The prospectus (in English language) and KIID (in Finnish language) are available at BlackRock Investment Management (UK) Limited.

**For investors in France**

Any subscription for shares in a sub-fund of one of the companies will be carried out according to the conditions specified in the full Prospectus, Key Investor Information Document, the French Addendum and in the Supplements of Companies as the case may be. These documents can be obtained by contacting the paying agent of the Company: BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris, tel: 00 33 1 42 98 10 00 or by visiting the French part of the site [www.iShares.eu](http://www.iShares.eu).

The companies are undertakings for collective investment in transferable securities (UCITS) governed by foreign laws and approved by the Financial Regulator in the home state as a UCITS complying with European regulations. The European Directive 2009/65/EC of July 13, 2009 on UCITS, as amended, establishes common rules in order to allow the cross-border marketing of UCITS which comply with it. This common foundation did not prohibit different methods of implementation. This is why a European UCITS may be marketed in France even though the activity of such scheme would not respect rules identical to those which govern the approval of this type of product in France. This sub fund has been authorized for marketing in France by the Autorité des Marchés Financiers. Please note that the distribution of shares of some sub funds of funds is not allowed in France. This document does not constitute an offer or a solicitation in relation to the shares of the funds.

**For investors in Germany**

The Sales Prospectus and Key Investor Information Document, as well as the annual and semi-annual reports are available free of charge from Commerzbank Kaiserplatz, 60311 Frankfurt am Main, Germany. The Companies intend to fulfil the prerequisites for treatment of their sub-funds as so-called "transparent funds" pursuant to §§ 2 and 4 of the German Investment Tax Act (Investmentsteuergesetz – InvStG). However, it cannot be guaranteed that the requirements will be met. The Companies reserve the right to give up the "transparent status" and to not undertake the necessary publications. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Please note that important information about iShares VII funds is available in the current prospectus and other documents that can be obtained free of charge from the paying agent, Deutsche Bank AG Taunusanlage 12, 60325 Frankfurt am Main, Federal Republic of Germany.

BGF/BSF: This is a financial promotion. For further information, the prospectus, Key Investor Information Document, annual report and semi-annual report can be obtained free of charge in hardcopy form from the German information centre: BlackRock (Netherlands) B.V., German Branch, Frankfurt am Main, Bockenheimer Landstraße 2–4, 60306 Frankfurt am Main. The paying agent in Germany is J.P. Morgan AG, CIB / Investor Services – Trustee & Fiduciary, Taunustor 1 (Taunus Turm), D-60310 Frankfurt am Main.

**For investors in Ireland**

This document is strictly confidential and may not be distributed without authorisation from BlackRock. With respect to funds that are registered for public offer in Ireland, important information on the Companies is contained in the relevant Prospectus, Key Investor Information Document, and the most recent financial reports, which are available on our website [www.iShares.com](http://www.iShares.com). Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

**For investors in Israel**

BlackRock Investment Management (UK) Limited is not licensed under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"). No action has been taken or will be taken in Israel that would permit a public offering or distribution of the products mentioned in this document to the public in Israel. The products mentioned in this document have not been approved by the Israel Securities Authority. In addition, the products mentioned in this document are not regulated under the provisions of Israel's Joint Investment Trusts Law, 5754-1994 (the "Joint Investment Trusts Law"). This document has not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 (the "Securities Law") or section 25 of the Joint Investment Trusts Law, as applicable.

This document and the products mentioned herein are being offered to those categories of investors listed in the First Addendum (the "Addendum") to the Securities Law, ("Institutional Investors"); in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995. This document does not constitute an offer to sell or solicitation of an

offer to buy any securities, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

#### **For investors in Italy**

Any application for shares in the funds is on the terms of the Prospectus for the Companies. The Shares of certain sub-funds in the Companies have been admitted to listing in Italy and are currently listed on the Mercato Telematico Fondi of Borsa Italiana S.p.A. The list of the sub-funds listed in Italy, the Prospectus, of the Companies, the Documento di quotazione of the iShares funds, the latest annual and semi annual report of the Companies are published (i) on the Companies' internet website at the address [www.iShares.com](http://www.iShares.com) (ii) on Borsa Italiana S.p.A's website at the address [www.borsaitalia.it](http://www.borsaitalia.it). These documents are available for the public in Italian version with certification that such documents are a faithful translation of the original documents. Investors are entitled to receive free of charge, even at home, a copy of the above documents, upon written request forwarded to the Companies. For comprehensive information on the expenses charged to a fund and fees applicable to investors, see the Documento di quotazione and the Prospectus. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Further information about the Fund and the Share Class, such as details of the key underlying investments of the Share Class and share prices, is available on the iShares website at [www.ishares.com](http://www.ishares.com) or by calling +44 (0)845 357 7000 or from your broker or financial adviser. The indicative intra-day net asset value of the Share Class is available at <http://deutsche-boerse.com> and/or <http://www.reuters.com>. Investors who are not Authorised Participants must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so. In addition, as the market price at which the Shares are traded on the secondary market may differ from the Net Asset Value per Share, investors may pay more than the then current Net Asset Value per Share when buying shares and may receive less than the current Net Asset Value per Share when selling them.

#### **For investors in Norway**

The funds mentioned are registered for public

distribution in Norway and are authorised by Kredittilsynet, the Financial Supervisory Authority of Norway. Any application for shares in the funds is on the terms of the Prospectus, Key Investor Information Document for the Companies. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. This document is strictly confidential and may not be distributed without authorisation from BlackRock.

**BGF/BSF:** The prospectus and KIID are available at BlackRock Investment Management (UK) Limited.

#### **For investors in Spain**

The funds mentioned are registered for public distribution in Spain. The sales Prospectus has been registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores ('CNMV')). The funds which are registered in the official registry of the Spanish Securities and Exchange Commission (CNMV) are iShares plc (registration number 801), iShares II plc (registration number 802) and iShares III plc (registration number 806), iShares IV plc (registration number 1402), iShares V plc (registration number 977), iShares VI plc (registration number 1091), iShares VII plc (registration number 886) and iShares (Lux) (registration number 905). The official registry, CNMV, must always be checked to see which sub funds of the funds mentioned are registered for public distribution in Spain. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts, copies of which can be obtained free of charge at [www.iShares.es](http://www.iShares.es). Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. This document contains products or services of BlackRock, Inc. (or affiliates thereof) that might be offered directly or indirectly within the Andorran jurisdiction, and it should not be regarded as solicitation of business in any jurisdiction including the Principality of Andorra.

**BGF/BSF:** Certain funds mentioned here are registered for distribution in Spain. Additionally, certain funds are registered for distribution in Portugal. In Spain, BlackRock Global Funds (BGF) is registered with the number 140 in the Comisión Nacional del Mercado de Valores de España (CNMV) and BlackRock Strategic Funds (BSF) is registered with the number 626. The Prospectus for each registered fund has been registered with the CNMV. In Portugal, certain share classes of certain BGF and BSF funds are registered with the Comissão do Mercado de Valores Mobiliários (CMVM) and the

Prospectus for each registered fund has been registered with the CMVM. This document contains products or services of BlackRock, Inc. (or affiliates thereof) that might be offered directly or indirectly within the Andorran jurisdiction, and it should not be regarded as solicitation of business in any jurisdiction including the Principality of Andorra.

**I ICAV:** Certain funds mentioned here are registered for distribution in Spain. In Spain, the BlackRock Funds I ICAV range is registered with the number 1742 in the Comisión Nacional del Mercado de Valores de España (CNMV) and the Prospectus for each registered fund has been registered with the CNMV. No securities regulator in any country within Spain has confirmed the accuracy of any information contained herein.

**UCITS Funds:** Certain funds mentioned here are registered for distribution in Spain. In Spain, the BlackRock UCITS Fund range is registered with the number 1646 in the Comisión Nacional del Mercado de Valores de España (CNMV) and the Prospectus for each registered fund has been registered with the CNMV. No securities regulator in any country within Spain has confirmed the accuracy of any information contained herein.

#### **For investors in Sweden**

The Funds mentioned herein are registered for public distribution in Sweden and are authorised by Finansinspektionen, the Swedish Financial Supervisory Authority. Any application for shares in the funds is on the terms of the Prospectus, Key Investor Information Document, for the Companies. Important information relating to the Companies is contained in the relevant Prospectus, Key Investor Information Document and other documents, copies of which can be obtained free of charge from offices of the paying agent BlackRock (Netherlands) BV, Stockholm Filial Norrlandsgatan 16, 1 floor, SE-111 43 Stockholm, Sweden. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

**BGF/BSF:** The prospectus and KIID are available at BlackRock Investment Management (UK) Limited, Stockholm branch, Norrlandsgatan 16, 111 43 Stockholm, Sweden. Investors should read the KIID before making an investment decision.

#### **For investors in the UK**

This document is directed at 'Professional Clients' only within the meaning of the rules of the Financial Conduct Authority. Some of the funds mentioned in this document are not registered for public distribution in the UK. In respect of these funds, this document is intended for information

purposes only and does not constitute investment advice or an offer to sell or a solicitation of an offer to buy the funds described within and no steps may be taken which would constitute or result in a public offering of the funds in the UK. This document is strictly confidential and may not be distributed without authorisation from BlackRock Advisors (UK) Limited. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

#### **Restricted Investors**

This document is not, and under no circumstances is to be construed as an advertisement or any other step in furtherance of a public offering of shares in the United States or Canada. This document is not aimed at persons who are resident in the United States, Canada or any province or territory thereof, where the companies/securities are not authorised or registered for distribution and where no prospectus has been filed with any securities commission or regulatory authority. The companies/securities may not be acquired or owned by, or acquired with the assets of, an ERISA Plan.

#### **Index Disclaimers**

Bloomberg® is a trademark and service mark of Bloomberg Finance L.P. (collectively with its affiliates, "Bloomberg"). Barclays® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays are affiliated with BlackRock Fund Advisors or its affiliates, and neither Bloomberg nor Barclays approves, endorses, reviews, or recommends the iShares ETFs. Neither Bloomberg nor Barclays guarantees the timeliness, accurateness, or completeness of any data or information relating to 'Bloomberg Barclays China Treasury + Policy Bank Index'. Neither Bloomberg nor Barclays shall be liable in any way to the BlackRock Fund Advisors or its affiliates, investors in the iShares ETFs or to other third parties in respect of the use or accuracy of the 'Bloomberg Barclays China Treasury + Policy Bank Index' or any data included therein.

The Markit iBoxx USD Liquid High Yield Capped Index referenced herein is the property of Markit Indices Limited and is used under license. The iShares ETF is not sponsored, endorsed, or promoted by Markit Indices Limited.

The ICE Index mentioned in this document is a service mark of Interactive Data Pricing and Reference Data, LLC or its affiliates ("Interactive Data") and has been licensed for use by BlackRock, Inc. in connection with the fund. Neither BlackRock, Inc. nor the fund is sponsored, endorsed, sold or promoted by Interactive Data. Interactive Data makes no representations or warranties regarding BlackRock, Inc. or the fund

or the ability of the fund to track the applicable Index. INTERACTIVE DATA MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE ICE INDEX OR ANY DATA INCLUDED THEREIN. IN NO EVENT SHALL INTERACTIVE DATA HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, DIRECT, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### Indexed to

**MSCI**  iShares funds are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or any index on which such funds are based. The Prospectus contains a more detailed description of the limited relationship that MSCI has with BlackRock and any related funds.

Nasdaq<sup>®</sup>, 'Nasdaq-100<sup>®</sup>' and 'Nasdaq-100 Index<sup>®</sup>' are trademarks of the Nasdaq Stock Market Inc. (which with its affiliates is referred to as the 'Corporations') and are licensed for use by BlackRock Asset Management Deutschland AG. iShares NASDAQ-100<sup>®</sup> (DE) is not issued, endorsed, sold or promoted by the Corporations. The Corporations make no warranties and bear no liability with respect to the Product.

S&P<sup>®</sup> is a registered trademark of Standard & Poor's Financial Services LLC ("S&P") and "Dow Jones<sup>®</sup>" is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates and sublicensed for certain purposes by BlackRock Fund Advisors or its affiliates ("BlackRock"). The Dow Jones U.S. Select Medical Equipment Capped 35/20 Index is a product of S&P Dow Jones Indices LLC or its affiliates, and has been licensed for use by BlackRock. The iShares ETF (the "Fund") is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, their respective affiliates, and none of S&P Dow Jones Indices LLC, Dow Jones, S&P nor their respective affiliates makes any representation regarding the advisability of investing in the Fund. BlackRock is not affiliated with the companies listed above. Index data source: S&P Dow Jones Indices LLC.

The Index is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ("SPDJI") and has been licensed for use by BlackRock. Standard & Poor's<sup>®</sup> and S&P<sup>®</sup> are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ("S&P"); Dow Jones<sup>®</sup> is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by BlackRock. The iShares ETFs are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the Index.

STOXX<sup>®</sup> Global Breakthrough Healthcare Index and STOXX<sup>®</sup> Global Smart City Infrastructure Index are the intellectual property (including registered trademarks) of STOXX Limited, Zurich, Switzerland ("STOXX"), Deutsche Börse Group or their licensors, which is used under license. The iShares ETF is neither sponsored nor promoted, distributed or in any other manner supported by STOXX, Deutsche Börse Group or their licensors, research partners or data providers and STOXX, Deutsche Börse Group and their licensors, research partners or data providers do not give any warranty, and exclude any liability (whether in negligence or otherwise) with respect thereto generally or specifically in relation to any errors, omissions or interruptions in the relevant index or its data.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

**© 2020 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES, BUILD ON BLACKROCK and SO WHAT DO I DO WITH MY MONEY are trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.**

## Want to know more?



[BlackRock.com](https://www.blackrock.com)



[EMEAElInvestmentStrategy@blackrock.com](mailto:EMEAElInvestmentStrategy@blackrock.com)