ASIA FIX

iShares by BlackRock

A monthly brief on Fixed Income markets, sector performance, bond ETF flows and product trends

iShares Fixed Income Product Strategy
December 2025

November Market Highlights

Global Rates	Rates volatility remained elevated in the US as cut expectations whipsawed through November, with the odds of a 25bps cut falling from ~90% early in the month to ~42% amid delayed government data and growing division within the FOMC, before dovish commentary from policymakers and softer data pulled expectations back toward ~80% by month-end. Elsewhere, the BoE held rates at 4% in a narrow 5–4 vote, while both the RBA (3.60%) and PBoC (3.00%) left policy rates unchanged. In Japan, JGB yields pushed to new cycle highs following Governor Ueda's hawkish comments, reinforcing expectations of a gradual shift in the BoJ's policy stance.
Credit	November began with a clear risk-off tone as markets priced out a December Fed cut and AI-driven valuation concerns weighed on risk assets. That said, there was a strong rebound in sentiment once policymakers signalled room for near-term easing and labour data softened. In the US, IG spreads finished just 2bps wider, while HY tightened 12bps as sentiment improved late in the month. While in Asia, the early-month weakness was more persistent, with IG 13bps wider and HY 31bps wider.

Performance and yield level of key asset classes as of 2025/11/28

		Total Return			Yield level			Spread level (bps) (credit only)		
	Index	YTD	QTD	MTD	Nov-end	ΔMTD	ΔYTD	Nov-end	ΔMTD	ΔYTD
Aggregate	Global Aggregate	7.89%	-0.02%	0.23%	3.44%	0.01%	-0.24%			
	US Aggregate	7.46%	1.25%	0.62%	4.27%	-0.06%	-0.64%			
	Japan FI, N-BPI	-4.85%	-0.97%	-1.13%	1.73%	0.11%	0.63%			
Treasury & Agency	US Treasury	6.67%	1.24%	0.62%	3.83%	-0.08%	-0.62%			
	Agency MBS	8.35%	1.49%	0.62%	4.61%	-0.05%	-0.66%			
	China(CGB+PB)	0.49%	0.55%	-0.11%	1.71%	0.03%	0.19%			
Credit (IG & HY)	US IG Corporates	7.99%	1.04%	0.65%	4.76%	-0.06%	-0.57%	80	2	0
	US HY Corporates	8.01%	0.74%	0.58%	6.57%	-0.21%	-0.92%	269	-12	-18
	Asia IG, JACI IG	7.60%	1.01%	0.35%	4.75%	0.01%	-0.56%	112	13	9
	Asia HY, JACI HY	9.81%	0.69%	-0.52%	8.61%	0.28%	-1.67%	456	31	-64
Emerging Markets	EM HC, EMBI GD	13.48%	2.55%	0.41%	6.83%	0.01%	-1.03%	270	7	-56
	EM LC, GBI-EM	17.51%	1.82%	1.35%	5.90%	-0.01%	-0.50%	-	-	-

Source: Bloomberg, as of 28 November 2025. See notes at the bottom for indices used. 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. Indices are unmanaged and one cannot invest directly in an index.

FX Hedging: FX Forward Premium or Cost as of 2025/11/28

FX Forward Premium or Cost is associated mainly with short-term interest rate differential between domestic and foreign currency (& currency basis). This impact can be positive or negative depending on the currency pair.

Currency to Hedge (Forward tenors: 3-month and 12-month, annualized)

Local Currency	3M		12M	
	USD	EUR	USD	EUR
JPY	-3.39%	-1.54%	-2.92%	-1.34%
KRW	-1.80%	+0.07%	-1.33%	+0.28%
AUD	-0.17%	+1.69%	+0.20%	+1.83%
CNY	-2.75%	-0.90%	-1.98%	-0.39%
SGD	-2.58%	-0.73%	-2.19%	-0.59%

Source: Bloomberg, as of 28 November 2025. Indices used: BBG Global Aggregate Index (USD, unhedged), BBG US Aggregate Index (USD), NOMURA BPI (JPY), BBG US Treasury Index (USD), BBG Agency MBS Index (USD), BBG China Treasury & Policy Bank Index (CNY), BBG US IG Corporate Index (USD), BBG US HY Corporate Index (USD), JP Morgan Asia Credit IG Index (USD), JP Morgan Asia Credit HY Index (USD), JP Morgan EMBI Global Diversified Index (USD), JP Morgan GBI-EM Index (USD, unhedged). Reference to the company name mentioned in this communications is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies.

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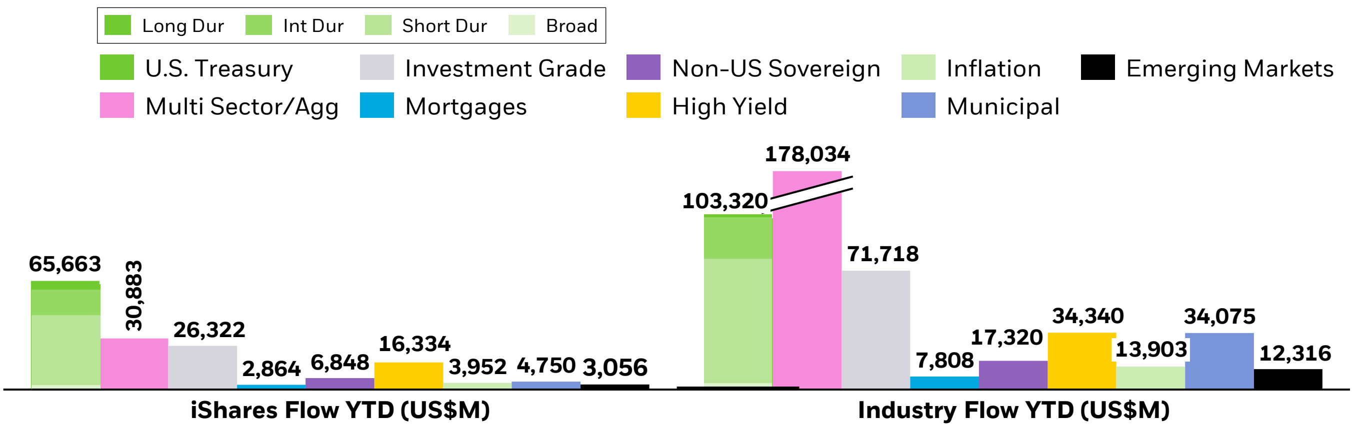
2025 November iShares Status Flow

1. **iShares Fixed Income ETFs added +$16B in November, taking YTD flows to +$165B.** Activity was dominated by USTs (+$11.3B), which accounted for ~71% of total inflows, while Money Market exposures (+$566M) logged their strongest month of the year. Elsewhere, IG (+$2.6B) and EM (+$984M) also contributed despite a relatively choppy macro backdrop.
2. **U.S. Treasuries posted their best month of the year (+$11.3B), led by strong demand for intermediate and short duration exposures.** The 7–10yr bucket added +$5B, while 0–3M ultrashort exposures (+$5.2B) remained a key focus, narrowly trailing April's record inflow.
3. **Money Market exposures posted their strongest month of the year**, led by flagship EUR Cash Active strategy, which added +$352M and surpassed $1B in AUM.
4. **Credit flows moderated, albeit IG (+$2.6B) continued to attract steady demand even as HY (-$1B) saw outflows.** The EUR IG flagship (+$850M) led the way - its strongest month since May - while HY redemptions were concentrated in broad USD exposures. That said, EUR HY ESG (+$115M) remained a consistent inflow contributor.
5. **EM (+$984M) continued to see inflows, though momentum was sharply skewed toward hard currency (+$867M).** Local exposures also fared well, and notably, our Brazilian LTN exposure added +$65M, reflecting the ongoing bid for carry.
6. **Active and outcome-oriented ETFs saw another solid month, adding ~$3B, following October's strongest month of the year (+$3.2B).** The flexible income strategy (+$665M) and iBonds target maturity ETFs (+$1.4B) remained key contributors.



Top/Bottom iShares Fixed Income ETF Sector Flows

Top 5 Exposures	MTD Flow ($M)	% of AUM
U.S. Treasury – Inter Dur	5,849	7%
U.S Treasury – Short Dur	4,754	3%
Multi Sector – Broad	2,028	1%
Investment Grade – Broad	1,612	1%
Emerging Markets - Broad	981	2%
Top 5 Exposures Total	**15,224**	

Top 5 Exposures	YTD Flow ($M)	% of AUM
U.S. Treasury – Short Dur	41,733	28%
Multi Sector – Broad	27,400	12%
U.S Treasury – Inter Dur	15,374	18%
High Yield - Broad	13,604	17%
Investment Grade – Fixed Mat	9,236	26%
Top 5 Exposures Total	**107,374**	

Bottom 5 Exposures	MTD Flow ($M)	% of AUM
Mortgages - Broad	(2,403)	-6%
High Yield – Broad	(1,009)	-1%
Non U.S Sovereign – Short Dur	(889)	-8%
Inflation – Short Dur	(417)	-3%
Investment Grade – Short Dur	(123)	0%
Bottom 5 Exposures Total	**(659)**	

Bottom 5 Exposures	YTD Flow ($M)	% of AUM
Multi Sector – ESG	(85)	-4%
Covered – Inter Dur	(37)	-8%
Investment Grade – Long Dur	(32)	-1%
Loans – Broad	3	5%
Non U.S Sovereign – Fixed Mat	10	45%
Bottom 5 Exposures Total	**(142)**	

Source: BlackRock, as of November 30 2025. Reference to $ refers to USD.
iShares and industry ETF flows encompass globally listed products. 'Broad' categories reference blended maturity products EM flows in the top tight chart are ex-China.

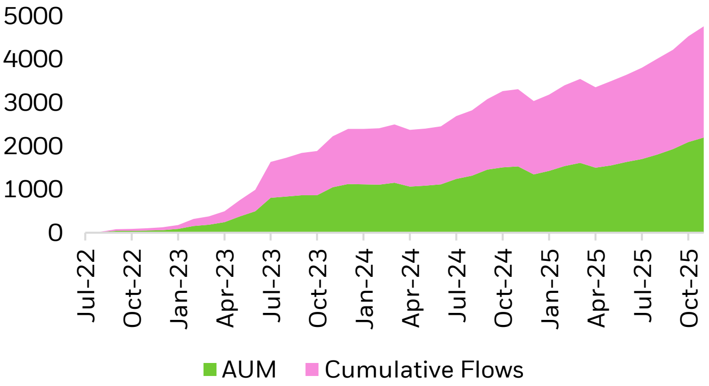
Write on the Money

Back in June 2023, we provided an overview of BuyWrite strategies, and since then, investor demand has surged significantly – to-date, assets managed under the iShares fixed income BuyWrite range has expanded from USD 60mn to USD 2,196mn. With income remaining a key theme in fixed income investing, we take a closer look at how BuyWrite ETFs can effectively **enhance income during periods of elevated market volatility.**

Recap:

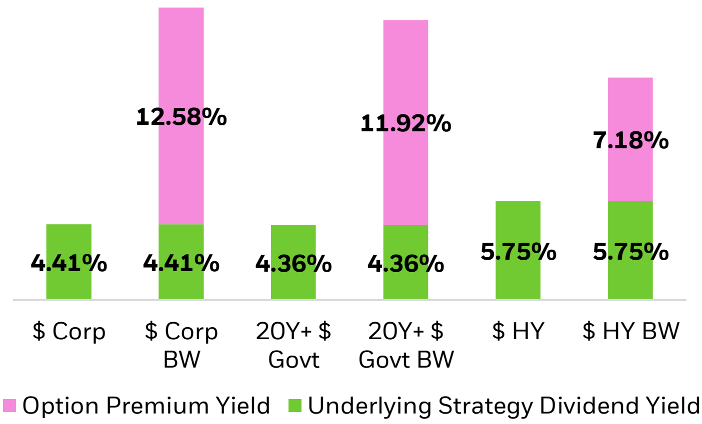
BuyWrite strategies combine a long position on the underlying security and a short call option. Thus, the investor sacrifices the upside of the underlying but is compensated, to an extent, by option premiums.

Figure 1: iShares fixed income BuyWrite strategies' AUM surges between 2022-2025 amid strong investors inflows



Source: BlackRock, data as of 30 November 2025. Figures above are presented in USD millions.

Figure 2: Dual income sources in BuyWrite strategies



Source: Bloomberg, as of 30 November 2025. Option premium yield is calculated by subtracting the underlying's index 12M distribution yield from the 12M distribution index yield of the BuyWrite strategy. BuyWrite is abbreviated as BW.

Figure 3: BuyWrite strategies generally outperform in stable markets or during market downturns

	$ Corp	$ Corp BW	20Y+ $ Govt	20Y+ $ Govt BW	$ HY	$ HY BW
2015	-0.7%	0.4%	-1.6%	-3.3%	-5.0%	-1.2%
2016	6.4%	1.5%	1.4%	1.6%	15.3%	6.8%
2017	7.3%	6.9%	9.0%	12.7%	6.3%	5.5%
2018	-3.7%	-1.4%	-2.0%	-2.7%	-1.5%	-0.1%
2019	17.3%	7.8%	15.1%	8.5%	14.7%	7.9%
2020	11.3%	-5.7%	18.1%	11.8%	4.7%	-2.3%
2021	-1.5%	-0.6%	-4.3%	-2.3%	4.5%	3.2%
2022	-17.9%	-14.9%	-31.0%	-24.7%	-10.7%	-5.6%
2023	9.4%	4.4%	2.2%	1.4%	12.9%	7.5%
2024	1.2%	3.1%	-7.7%	-1.1%	7.9%	7.3%
2025	8.6%	8.0%	6.9%	14.7%	8.1%	4.2%

Source: Bloomberg, as of 30 November 2025. Total return figures above are calculated using the monthly prices of the respective underlying indices for the relevant periods. BuyWrite is abbreviated as BW.

Volatility as opportunity

Covered call ETFs are a valuable tool for investors seeking a differentiated source of income. However, while the investor receives consistent option premiums, the upside is capped as the calls are typically written with strike price targets of 100%-102%. This trade-off makes BuyWrite strategies more defensive, prioritizing income over capital appreciation.

As yields broadly retraced and spreads remain tight amid the Fed's easing cycle, investors who are underweight long-end fixed income due to higher demand for term premium or seeking additional income – can consider BuyWrite strategies, where consistent option premiums can help reduce overall portfolio volatility. While bond market implied volatility has stabilized in the post-COVID era, risks for volatility spikes and rangebound rate environments create opportunities for investors to capitalize on volatility through BuyWrite strategies.

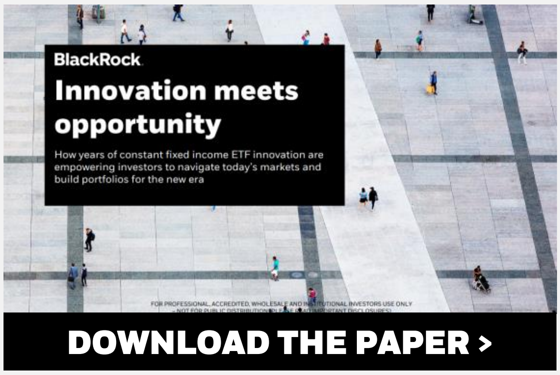
To find out more about the BuyWrite ETF Toolkit, contact your iShares representative.

Innovation Meets Opportunity

How years of constant fixed income ETF innovation are empowering investors to navigate today's markets and build portfolios for the new era

Last year, our whitepaper **"No Time to Yield"** discussed why investors may want to consider getting cash off the sidelines and employing bond ETFs in the new market regime.

In our latest paper **"Innovation Meets Opportunity",** we highlight how accelerating bond ETF innovation has equipped investors with a robust ETF toolkit that simply did not exist the last time yields were at these levels, and how investors can use bond ETFs to navigate both today's and tomorrow's market environments.



Did you know?

1 **Client demand for fixed income ETFs is driving significant asset growth with record flows in 2024 and on track to reach $6 trillion in assets under management (AUM) by 2030, if not sooner**. Globally, bond ETFs experienced the highest organic asset growth (20%) of any other asset class or investment vehicle last year. And so far in 2025, client adoption continues to accelerate, with assets up 22% on an annualized basis.

2 **The flywheel of bond ETF innovation is powering this growth, helping more investors to access exposures and outcomes that were previously difficult to access.** Last year a record 420 bond ETFs were launched, enabling investors to tailor their fixed income investments in ways previously unthinkable.

3 **The ever-increasing toolkit allows investors to take advantage of a generational opportunity in fixed income.** Yields are higher than they have been in 20 years. Globally, some 80% of fixed income assets now yield over 4% and we believe they'll remain elevated for the foreseeable future.

4 **iShares has been spearheading innovation in bond ETFs for over two decades**. Our diverse and evolving product set supports clients globally to navigate across market environments, with more modern, precise ways to reach nearly every part of the fixed income market. As the experts in portfolio construction with a strong heritage in risk management, we understand the tools and exposures that investors require to thrive in a changing world.

Source: BlackRock, "Innovation meets opportunity", as of April 2025. There is no guarantee that any forecasts made will come to pass. All $ in USD unless otherwise stated.

Index Your Bonds with Asia Credit

Asia bond markets definitely have a part to play in the next leg of growth in index and ETF adoption. As investors continue to move beyond the "active versus passive" debate, constant product innovation will offer increasingly precise sources of potential returns, and help lead more investors to embrace bond index building blocks alongside high conviction active strategies in pursuit of optimal portfolio outcomes.

In this Asia-focused **"Index Your Bonds"** paper, we spotlight iShares Asia Credit exposures, provide insights on how they are managed in practice, and discuss how innovations such as ESG integration will make indexing an integral part of investing in Asia fixed income.

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