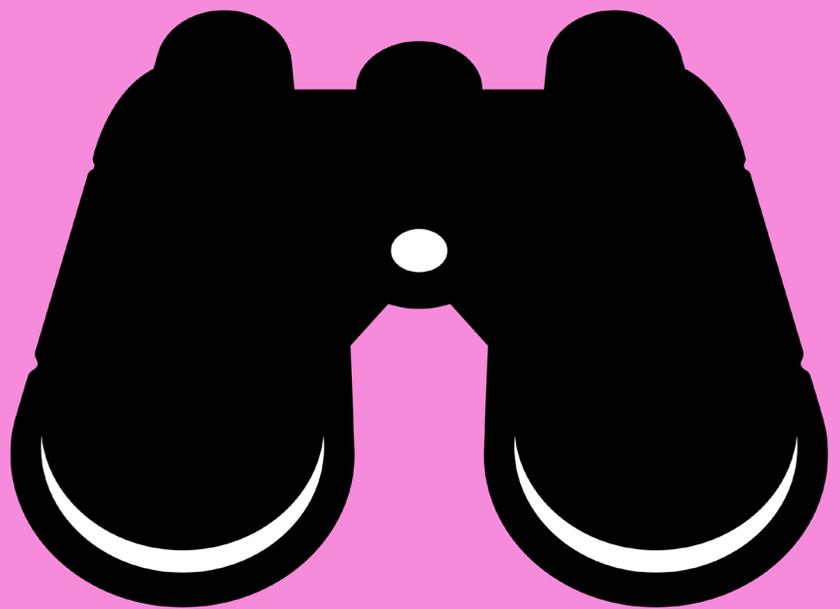


TAKE A CLOSER LOOK

Five metrics for evaluating ETF market quality



The **iShares FTSE A50 China ETF** seeks to track the investment results of an index composed of the 50 largest companies in mainland China, trading on the Shanghai and Shenzhen Stock Exchanges. The ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE China A50 Index (“the Underlying Index”). Generally, investments in emerging markets, such as the A Share market, may involve increased risks such as liquidity risks, currency risks/control, political and economic uncertainties, legal, regulatory and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility. The A Share market may be more volatile and unstable than those in the more developed markets. The ETF’s exposure is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. All units will receive distributions in the base currency (RMB) only. The ETF is subject to restrictions and requirements applicable to QFII and/or RQFII investment, and the applicable laws, rules and regulations in the PRC, which are subject to change and such change may have potential retrospective effect. The ETFs may be unable to utilise the QFII and/or RQFII quota if the relevant QFII and/or RQFII licence is revoked/terminated or otherwise invalidated as the ETF may be prohibited from trading relevant securities and repatriation of the ETFs’ monies, or if any of the key operators is bankrupt or in default and/or is disqualified from performing its obligations. The ETF currently does not provision for withholding tax on capital gains (“CGT”) arising from its investment via CAAPs, QFII or RQFII on or after 17 November 2014, or its investment via Stock Connect. There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realized on the ETF’s PRC investments, which may have retrospective effect. Any increased tax liabilities on the ETF may adversely affect its value, and the resultant tax liability would be eventually borne by investors. The A Share market may be more volatile and unstable than those in the more developed markets. The ETFs’ exposure is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. The relevant rules and regulations on the Stock Connect are subject to change. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the ETF’s ability to invest in A shares through Stock Connect will be adversely affected. In the event that a unitholder has no RMB account, the unitholder may have to bear (i) the fees and charges associated with the conversion of such dividend distributions from RMB to HKD or any other currency; and (ii) other bank or financial institutional fees and charges associated with the handling of the distribution payment in currencies other than RMB. Unitholders are advised to check with their brokers regarding arrangements for distribution. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk on RMB-denominated investments. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk on RMB-denominated investments. If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services provided by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter. The market price of units traded in each counter may deviate significantly.

The **iShares Core MSCI AC Asia ex Japan ETF** seeks to track the investment results of an index composed of Asian equities, excluding Japan. The ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI All Country Asia Ex Japan Index. The exposure of the ETF is concentrated in the Asian market and may be more volatile than funds adopting a more geographically diversified strategy. The ETF seeks to track the investment results of an index composed of Asian equities, excluding Japan. The ETF invests in stocks of large to mid-capitalisation companies. Stocks of mid-capitalisation companies may have lower liquidity and higher volatility compared to stocks of larger capitalisation companies. The ETF may invest in other iShares ETFs which provide exposure to Indian securities to track the performance of Indian constituents of the Index, and in other ETFs for cash management and contingency purposes. Conflicts of interest may arise if the Manager also acts as manager of the other ETFs invested by the ETF. There is also no guarantee these ETFs which the ETF invests will achieve their respective investment objectives and any tracking error of these ETFs and difference of the underlying constituents will contribute to the tracking error of the ETF. The ETF’s Base Currency is in USD but has units traded in HKD and RMB (in addition to USD). Investors may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and the RMB or HKD trading currency when trading units in the secondary market. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk on RMB-denominated investments. If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services provided by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter. The market price of units traded in each counter may deviate significantly.

The **iShares Core MSCI China ETF** seeks to track the investment results of an index composed of Chinese equities that are available to international investors. The Index Fund aims to provide investment results that, before fees and expenses, closely correspond to the performance of MSCI China Index. Investment in emerging market countries may involve heightened risks such as increased volatility and lower trading volume, and may be subject to a greater risk of loss than investments in a developed country.

The **iShares Core Hang Seng ETF** seeks to track the investment results of an index composed of Hong Kong equities. The ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the Hang Seng Index (net total return version). The ETF’s investments are concentrated in Hong Kong market. The value of the ETF may be more volatile than that of a fund having a more diverse portfolio of investments. The ETF’s base currency is in HKD but has units traded in USD and RMB (in addition to HKD). Investors may be subject to additional costs or losses associated with foreign currency fluctuations between the base currency and the USD or RMB trading currency when trading units. If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services provided by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter. The market price of units traded in each counter may deviate significantly. in the secondary market.

The **iShares Hang Seng TECH ETF** seeks to track the investment results of an index composed of 30 Hong Kong listed companies, in the technology sector or with tech-enabled businesses. The ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the Hang Seng TECH Index (net total return version) (the “Underlying Index”). The ETF is subject to general market risks and may fall in value and there is no guarantee of the repayment of principal. The ETF’s investments are concentrated in companies with a technology theme from across the Greater China region listed in Hong Kong. The value of the ETF may be more volatile than that of a fund having a more diverse portfolio of investments or global / regional scope. The ETF’s base currency is in HKD but has units traded in USD (in addition to HKD). Investors may be subject to additional costs or losses associated with foreign currency fluctuations between the base currency and the USD trading currency when trading units in the secondary market. If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services provided by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter. The market price of units traded in each counter may deviate significantly.

General product risks:

Investment involves risk, including the loss of principal. Investors should refer to the Prospectus and Key Facts Statement the ETFs for details, including the risk factors. Investors should not base investment decisions on this marketing material alone. Investors should note:

- The ETFs aim to provide investment results that, before fees and expenses, closely correspond to the performance of the underlying Index.
- Generally, investments in emerging markets, such as the A Share market, may involve increased risks such as liquidity risks, currency risks/control, political and economic uncertainties, legal, regulatory and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- The ETFs are subject to tracking error risk, which is the risk that its performance may not track that of the Underlying Index exactly.
- The ETFs may use derivatives for hedging and for investment purposes. However, usage for investment purposes will not be extensive. The Fund may suffer losses from its derivatives usage.
- The trading price of the units of the ETF on the SEHK is subject to market forces and may trade at a substantial premium/discount to the ETFs' NAV .
- Termination of the market making arrangement may lead to risk of liquidity in the market for the units being adversely affected if there is no or only one market maker for the units on any counter. The units of the ETF are traded on the SEHK. The trading price of the units is subject to market factors and may trade at a substantial premium or discount to the ETF's NAV.
- The Manager may at its discretion pay dividends out of the capital of the Index Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Index Fund's capital may result in an immediate reduction of the Net Asset Value per Unit.

MARKET QUALITY MATTERS

Exchange traded funds (ETFs) have become indispensable tools for analyzing and investing in financial markets—but not all ETFs are created equal.

While there are many ways to evaluate ETF performance, this paper explores five key metrics—usage, trading costs, premium/discount behavior, tracking and primary market efficiency—that can help investors assess the market quality of an ETF. Together, these metrics can reveal an ETF's ability to offer liquidity, price discovery and efficient access to markets in all market conditions.

1

Usage

2

Trading costs

3

Premium/discount behavior

4

Tracking

5

Primary market efficiency

1

USAGE

ETFs have matured from buy-and-hold asset allocation tools that let you own the market to liquidity tools that allow you to trade the market. While the total market capitalization of Hong Kong-listed ETFs is less than 1% of the size of Hong Kong's stock market, they accounted for approximately 3.2% of the equity trading volumes on exchange in 2020 YTD.¹

As trading volume in an ETF grows, more price information becomes available to buyers and sellers. This information gives market makers, who earn a "spread" on each trade, an economic incentive to offer competitive quotes (and set the best prices) to attract further trading volume.² Competition between market makers ultimately reduces trading costs for investors.

Importantly, increased liquidity creates a network effect. The most heavily traded ETFs are typically the cheapest to trade, which spurs even more usage.

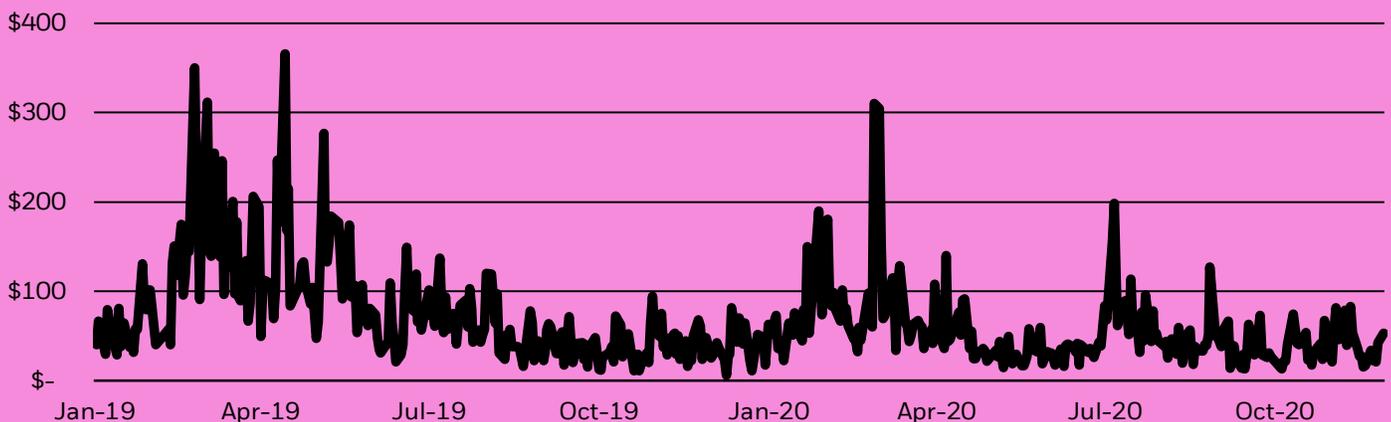
Usage in action

Trading volumes in the iShares Hong Kong-listed range spiked in the first half of 2020 as market volatility rose significantly. The average traded value (ATV) of the range for the quarter surged to US\$5 billion in Q1 2020, over 2 times the ATV in Q4 2019.³

Within the iShares Hong Kong-listed range, China equity tickers are often the most traded, as they are mostly used by local investors. Elevated trading volumes were not only observed when global market volatility spikes, but also during China market rallies in the first half of 2019 and in July 2020.

The iShares Hong Kong-listed range covers exposures including but not limited to onshore & offshore China equities, Hong Kong equities, and Asia ex-Japan equities, allowing investors to trade benchmarked market exposures in an efficient way in Asian time-zone.

iShares Hong Kong-listed ETF total daily trading volume (US \$million)



Source: BlackRock, Bloomberg as of November 30th, 2020.

2

TRADING COSTS

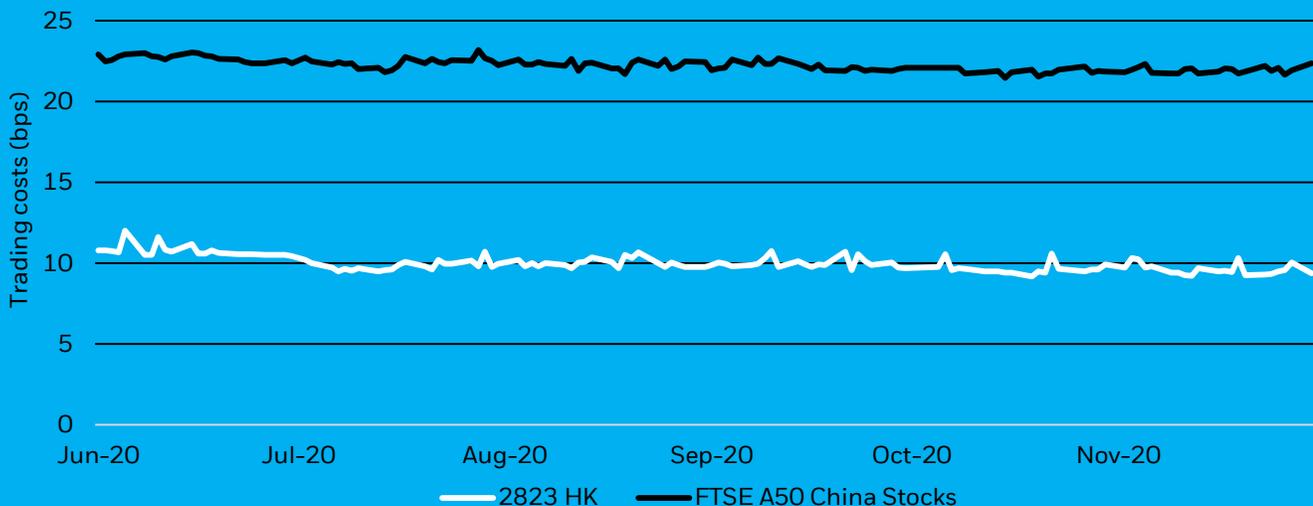
Bid-ask spreads, or the cost of trading into and out of a fund, can vary significantly from ETF to ETF. Spreads can be impacted by security-specific criteria, including asset class, as well as broader market conditions. For example, in times of volatility (when market uncertainty rises), bid-ask spreads typically widen (increase).

ETF bid-ask spreads that are tighter than those of the ETF's underlying holdings, or exhibit less sensitivity to stressed market conditions, can signal high market quality. In other words, ETF bid-ask spreads that are tighter than the spreads on their basket of underlying securities, or that widen less than their basket spread in periods of volatility, can indicate healthy trading activity. A particularly interesting case study for ETFs is where the underlying securities are subject to stamp duty and the ETF units are not. In those circumstances, trading the ETF on exchange can be significantly more efficient than trading the underlying securities and be subject to tax on those trading activities.

Trading costs in action

Buying and selling China A shares is subject to a stamp duty of 10bps.⁴ On the other hand, trading the iShares FTSE A50 China ETF (2823 HK) on the Hong Kong Exchange is not subject to stamp duty. As a result, 2823 HK provides a more cost-efficient option to access the FTSE A50 China exposure, compared to trading the actual underlying securities.

Trading costs ⁵ (round trip) of iShares FTSE A50 China ETF (2823 HK) versus underlying securities



Trading costs include bid-ask spread, transaction levy, trading fee, transfer fee, handling fee, stamp duty, securities management fee and broker commissions. Data is selected for the period of June 1st to November 30th 2020, as the new ETF spread table was first implemented on June 1st 2020. The ETF spread table specifies the tick interval for HK-listed ETFs. Source: BlackRock, Bloomberg as of November 30th, 2020. Please refer to the Fund offering documents for more details, including fees, investment objectives and risk factors.

3

PREMIUM/DISCOUNT BEHAVIOR

An ETF's market price is typically in line with the value of its underlying securities, but it's possible for an ETF to trade at prices above (premium) or below (discount) that net asset value (NAV).

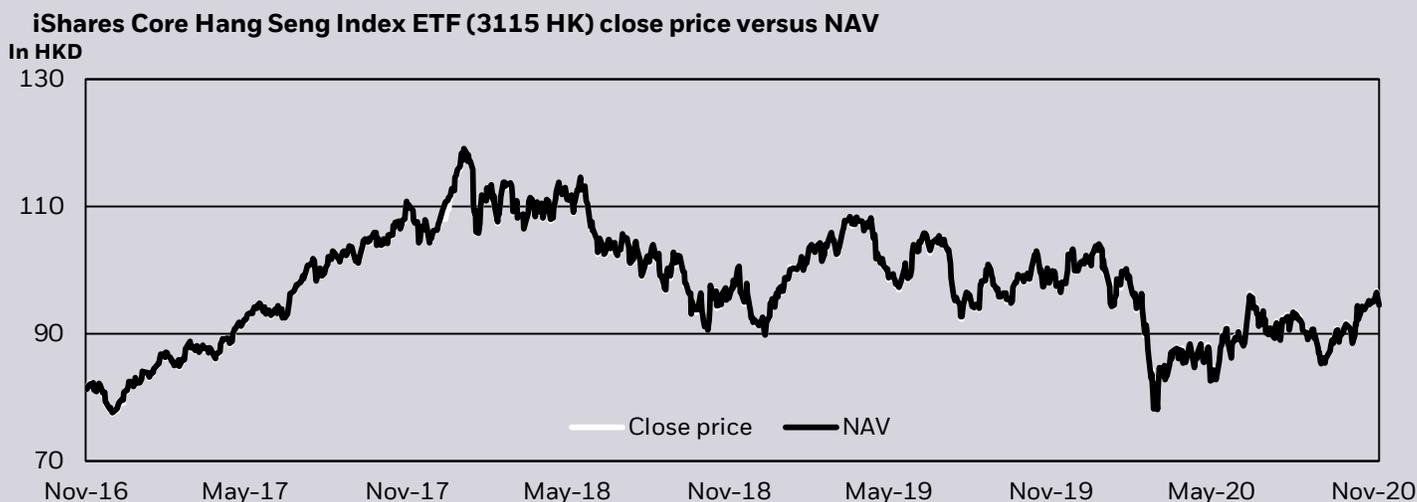
For example, if an ETF trades at a premium to its NAV, market participants may engage in arbitrage by buying the underlying securities and exchanging them with the ETF issuer (via an Authorized Participant, or AP) in return for newly created ETF shares, which may then be sold in the market for a profit.⁶ Increasing the supply of available ETF shares ultimately reduces the premium of the ETF, bringing its price back in line with its NAV. For this reason, tight alignment to NAV can be evidence of a well-functioning arbitrage mechanism.

Evolving market conditions can also result in large or persistent ETF premiums and discounts. In certain instances, such as when underlying markets are illiquid or stressed, premiums and discounts can illustrate how ETF prices provide price discovery to markets by offering real-time information about market conditions, particularly in fixed income markets where individual bonds can trade infrequently.

The key point is that an ETF's alignment to NAV in stable or liquid markets, and the appearance of ETF premiums and discounts in illiquid or volatile markets, help provide information about an ETF's market quality.

Premium/discount behavior in action

During first eleven months of 2020, the iShares Core Hang Seng Index ETF (3115 HK) maintained an average absolute premium/discount of 9 bps.⁷ The premium/discount remained tight even during the March 2020 market sell-off, demonstrated the efficiency of the arbitrage mechanism between 3115 HK and its underlying securities.



Source: BlackRock, Bloomberg as of November 30th, 2020. Inception date: 18 November 2016.

Performance is calculated based on NAV-to-NAV with dividend reinvested. Performance is calculated in the base currency of the Index Fund, including ongoing charges and taxes, and excluding your trading costs on SEHK. Investment involves risk, including the loss of principal. Past performance does not represent future returns. Please refer to the Fund offering documents for more details, including fees, investment objectives and risk factors. Days in which NAV or close price are not available are excluded.

4

TRACKING

“Tracking difference” measures the difference between a fund’s return and the benchmark index’s return. “Tracking volatility” (or “tracking error”) measures the volatility of this tracking difference month-over-month.

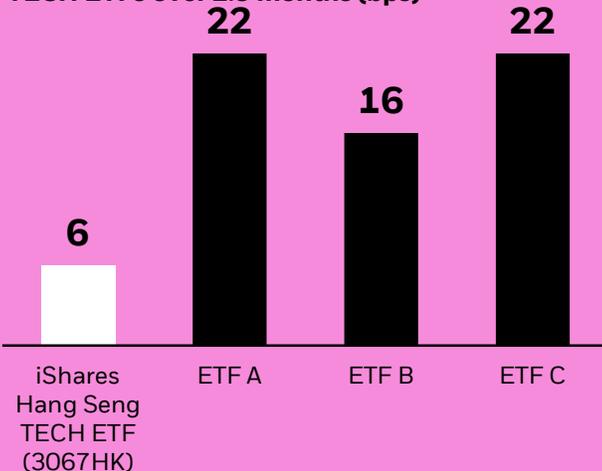
Index ETFs are designed to deliver returns that are consistent with the returns of their benchmark, but closely replicating benchmark performance consistently over time is no small feat. Superior tracking requires specialized portfolio management expertise, including the ability to continuously balance cost, risk and return to deliver precise performance outcomes. For this reason, tracking difference and tracking volatility are key components of an ETF’s market quality.

Tracking in action

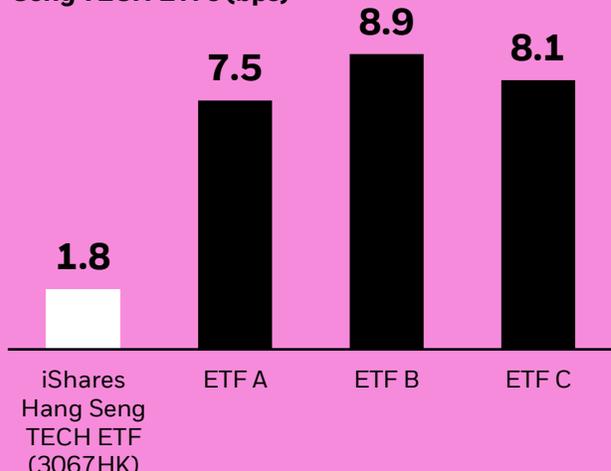
The iShares Hang Seng TECH ETF (3067 HK) exhibited a tracking difference of approximately 6 bps between its listing date on September 17th and November 30th, 2020, tracking its benchmark more tightly than competitor ETFs with the same exposure.

At the same time, 3067 HK exhibited an annualized tracking volatility of approximately 1.8 bps, providing a more consistent return on a daily basis than those same competitor ETFs.⁸

Tracking difference of HK-listed Hang Seng TECH ETFs over 2.5 months (bps)



Annualized tracking volatility of HK-listed Hang Seng TECH ETFs (bps)



Source: BlackRock, Bloomberg as of November 30th, 2020.

Source: BlackRock, Bloomberg as of November 30th, 2020.

Peer comparison shown is for illustrative purposes only and does not purport to compare all funds in the same investment universe nor does it compare all characteristics of the funds shown. Reference to the name of the funds should not be construed as investment advice or investment recommendation of those funds. Investment involves risks. Past performance is not a guide to future performance.

PRIMARY MARKET EFFICIENCY

Even though most investors buy and sell ETF shares in the secondary market (on exchange or over-the-counter), efficient primary market operations—the creation and redemption of ETF shares—is at the heart of ETF market quality.

Primary market efficiency requires a functioning “arbitrage” mechanism (as previously described), which helps keep the price of an ETF in line with the value of its underlying securities.

An ETF’s primary market efficiency typically relies on the breadth of market participation and on the ETF issuer’s platform stability. For example, an ETF that interacts with a diverse set of APs will have a more competitive market in which APs are motivated to capture volumes. More market participants involvement can provide additional support for the ETF’s primary market operations and participate to the arbitrage mechanism. Likewise, ETFs backed by platforms that leverage technology and scale are more likely to attract APs and operate efficiently.

Primary market efficiency in action

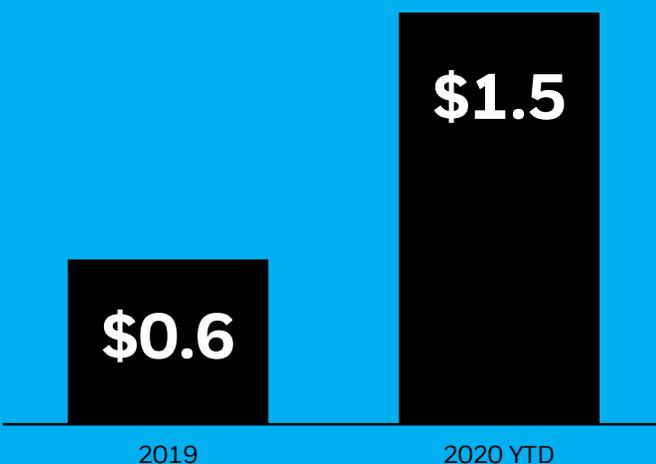
As investor appetite for Asian equities mounted in 2020, both iShares Core MSCI China ETF (2801 HK) and iShares Core MSCI Asia ex Japan ETF (3010 HK) saw significant increase in gross primary markets activities, compared to 2019.

For 2801 HK, US\$1.5 billion of gross primary market activity has been processed in 2020 YTD across 5 different authorized participants.⁹

For 3010 HK, US\$2.4 billion of gross primary market activity has been processed in 2020 YTD across 6 different authorized participants.⁹ Those amounts were over 2x the amounts processed in 2019.

Despite the elevated activity, the breadth of authorized participants and a stable technology platform ensured efficient access to primary market liquidity.

iShares Core MSCI China ETF (2801 HK) gross primary market activity (US\$ billion)



Source: BlackRock as of November 30th, 2020.

iShares Core MSCI Asia ex Japan ETF (3010 HK) gross primary market activity (US\$ billion)



Source: BlackRock as of November 30th, 2020.

PUTTING IT ALL TOGETHER

Each of the metrics described in this paper is useful to investors in isolation and when combined, they provide a more complete picture of an ETF's market quality.

Take the iShares Hang Seng TECH ETF (3067 HK) that was listed on September 17th, 2020, as an example of how the five metrics demonstrate market quality.

- **USAGE.** In the first 2.5 months since the fund launched, 3067 HK traded an average of US\$ 5 million a day and became one of the top 10 most traded HK ETFs based on average volume since its listing¹⁰. Amid the increased activity, key market quality metrics of the fund did not deteriorate.
- **TRADING COSTS.** 3067 HK's bid-ask spread remained approximately 5 bps lower than the spread of its underlying securities, providing investors with a more cost-effective vehicle to access the Hang Seng TECH exposure.¹¹
- **PREMIUM/DISCOUNT BEHAVIOR.** 3067 HK had an average premium of 25 bps. This slight natural premium came from investors' appetite for the fund in the secondary market.¹²
- **TRACKING.** Importantly, 3067 HK continued to tightly and consistently track its benchmark, exhibiting a tracking difference of approximately 6bps and annualized tracking volatility of approximately 1.8bps YTD since its launch.¹³
- **PRIMARY MARKET EFFICIENCY.** Additionally, 3067 HK's gross primary market flow was US\$ 417 million in 2.5 months, with an aggregated total of 43 individual primary market orders across 10 APs. As such, it demonstrated a robust primary market ecosystem for this ETF.

Evaluated together, these metrics—usage, trading costs, premium/discount behavior, tracking and primary market efficiency—showed that 3067 HK exhibited high market quality in the first 2.5 months since its launch.

GLOSSARY

Absolute premium/discount: The absolute value of the difference between an ETF's share price and its net asset value (NAV).

Authorized participant (AP): Financial institution that manages the creation and redemption of ETF shares in the primary market. Each AP has an agreement with an ETF sponsor that gives it the right (but not the obligation) to create and redeem ETF shares. APs may act either on their own, or on behalf of market participants.

Bid-ask spread: A measure of the average cost to buy and sell securities on an exchange. Spreads are the difference between the bid price of the trade (what the buyer is willing to pay) and the ask price (what the seller is willing to accept).

Gross primary market activity: The total dollar value of all creations and redemptions of ETF shares.

Liquidity: How easily an asset can be bought or sold.

Market maker: A broker-dealer that regularly provides two-sided (buy and sell) quotes to markets.

Net asset value (NAV): The value of all the securities held by the ETF, often expressed as a value per share. An ETF's official NAV is calculated once per day based on the most recent closing prices of the underlying securities.

Net primary market activity: The dollar value of creations of ETF shares less the dollar value of redemptions of ETF shares.

Primary market: Where authorized participants transact with ETF issuers to create or redeem ETF shares.

Secondary market: Where investors buy and sell existing ETF shares on exchange.

Tracking difference: The difference between a fund's return and its benchmark's return over a certain period.

Tracking volatility: The standard deviation of a fund's tracking difference.

FOOTNOTES

1. Cross-listed, leveraged and inverse products are excluded. Source: BlackRock, Bloomberg as of November 30th 2020.
2. A market maker is a broker dealer that regularly provides two-sided (buy and sell) quotes to clients. The difference between the buy and sell quotes, the bid-ask spread, is the market maker's potential profit.
3. Source: BlackRock, Bloomberg as of November 30th 2020.
4. Source: BlackRock, Bloomberg as of November 30th 2020. A basis point is one hundredth of a percent, or 0.01%.
5. The total trading cost of 2823 HK includes bid-ask spread, transaction levy, trading fee and estimated broker commissions. The total trading cost of the underlying securities includes bid-ask spread, stamp duty, transfer fee, handling fee, securities management fee and estimated broker commissions. Source: BlackRock, Bloomberg as of November 30th 2020.
6. An AP is a financial institution, often a bank, that dynamically manages the creation and redemption of ETF shares in the primary market.
7. Source: BlackRock, Bloomberg as of November 30th 2020.
8. Tracking volatility is based on 74 days of daily NAVs from September 17th 2020 to November 30th 2020. Source: BlackRock, Bloomberg as of November 30th 2020.
9. Source: BlackRock as of November 30th 2020.
10. The average volume in USD includes 9067 HK (USD trading counter of 3067) and data is counted from September 17th 2020 to November 30th 2020, excluding leverage and inverse products. Source: BlackRock, Bloomberg as of November 30th 2020.
11. The average spread on 3067 HK is 11 bps, while the spread of its basket was 16 bps over the same period. Source: BlackRock, Bloomberg, as of November 30th 2020.
12. 3067 had an average YTD absolute premium/discount of 0.25%. Source: BlackRock, Bloomberg as of November 30th 2020.
13. Source: BlackRock, Bloomberg from September 17th to November 30th 2020.

Disclaimer: Unless otherwise specified, all information as of the month end. Sources: BlackRock and Hang Seng Indexes Company Limited. The above iShares Funds data is for information only. Investment involves risk, including possible loss of principal. Investment in emerging market countries may involve heightened risks such as increased volatility and lower trading volume, and may be subject to a greater risk of loss than investment in a developed country. Before deciding to invest, investors should read the Prospectus and Key Fact Statements for details, including the risk factors. Performance is calculated on NAV to NAV basis, inclusive of all transaction fees and assumes dividend reinvestment. The investment returns are denominated in base currency, which may be a foreign currency. If so, US/HK dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/foreign currency exchange rate. Rates of exchange may cause the value of investments to go up or down. Investors may not get back the amount they invest. Individual stock prices/performance do not represent the return of the Fund. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Index returns are for illustrative purposes only and do not represent actual iShares Funds or iShares Trusts performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Index Disclaimer: Hang Seng Index is the intellectual property (including registered trademarks) of Hang Seng Indexes Company Limited and/or of its licensors ("licensors"), and is used under a licence. iShares funds are not sponsored, subscribed, sold or promoted by Hang Seng Indexes Company Limited and its licensors and none of them bear any liability in this respect.

The mark and name "Hang Seng TECH Index" is proprietary to Hang Seng Data Services Limited ("HSDS") which has licensed its compilation and publication to Hang Seng Indexes Company Limited ("HSIL"). HSIL and HSDS have agreed to the use of, and reference to, the Hang Seng TECH Index by BlackRock Asset Management North Asia Limited ("the Issuer") in connection with the iShares Hang Seng TECH ETF (the "Product"). However, neither HSIL nor HSDS warrants, represents or guarantees to any person the accuracy or completeness of the Hang Seng TECH Index, its computation or any information related thereto and no warranty, representation or guarantee of any kind whatsoever relating to the Hang Seng TECH Index is given or may be implied. Neither HSIL nor HSDS accepts any responsibility or liability for any economic or other loss which may be directly or indirectly sustained by any person as a result of or in connection with the use of and/or reference to the Hang Seng TECH Index by the Issuer in connection with the Product, or any inaccuracies, omissions or errors of HSIL in computing the Hang Seng TECH Index. Any person dealing with the Product shall place no reliance whatsoever on HSIL and/or HSDS nor bring any claims or legal proceedings against HSIL and/or HSDS in any manner whatsoever. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker or other person dealing with the Product and HSIL and/or HSDS and must not be construed to have created such relationship.

This material is prepared and issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. This is prepared for informational and educational purposes only and does not constitute an offer or solicitation to purchase or sell in any securities or iShares Funds, nor shall any securities or units be offered or sold to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction.

There are risks associated with investing, including loss of principal. The value of investments involving exposure to foreign currencies can be affected by exchange rate movements. Investment in emerging market countries may involve heightened risks such as increased volatility and lower trading volume, and may be subject to a greater risk of loss than investments in a developed country. The use of synthetic instruments such as derivatives may create exposure to market counterparty risk. The listing of units of the fund on a stock exchange does not guarantee a liquid market for the units. Transactions in units of the fund will result in brokerage commissions. You are reminded to refer to the relevant prospectus for specific risk considerations which are available from BlackRock or the iShares websites.

Past performance is not indicative of future performance and is no guide to future returns. BlackRock does not guarantee the performance of the shares or units of the iShares Funds. Before deciding to invest, investors should read the prospectus carefully including the investment objective and risk factors relating to the fund, including the arrangement in the event the fund is delisted. Index returns are for illustrative purposes only and do not represent actual iShares Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Investors should note that the fund differs from a typical unit trust as units or shares of the Funds are bought and sold at market price (not NAV) and units may only be redeemed by a participating dealer in large creation/ redemption unit sizes. The listing of units of the fund on a stock exchange does not guarantee a liquid market for the units. Indexes are unmanaged and one cannot invest directly in an index. This material contains general information only and is not intended to represent general or specific investment advice. The information does not take into account your financial circumstances. An assessment should be made as to whether the information is appropriate for you having regard to your objectives, financial situation and needs.

This material may contain “forward-looking” information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of yields or returns, and proposed or expected portfolio composition. No representation is made that the performance presented will be achieved by any iShares Funds, or that every assumption made in achieving, calculating or presenting either the forward-looking information or the historical performance information herein has been considered or stated in preparing this material. Any changes to assumptions that may have been made in preparing this material could have a material impact on the investment returns that are presented herein by way of example.

This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. Any opinions contained herein reflect our judgment as of November 30th 2020 and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Any investments named within this material may not necessarily be held in any accounts managed by BlackRock. Reliance upon information in this material is at the sole discretion of the reader. 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. No part of this material may be reproduced, stored in retrieval system or transmitted in any form or by any means, electronic, mechanical, recording or distributed without the prior written consent of BlackRock.

iShares Funds are not sponsored, endorsed, issued, sold or promoted by their index providers. For details of the index provider including any disclaimer, please refer to the relevant iShares Fund offering document.

iShares® and BlackRock® are registered trademarks of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other trademarks, service marks or registered trademarks are the property of their respective owners.

© 2021 BlackRock Inc. All rights reserved.

