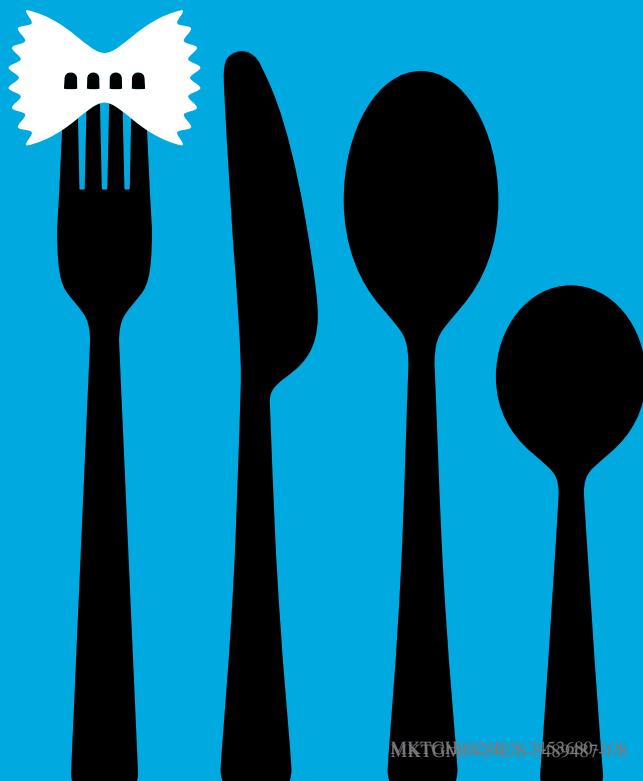


iShares
by BlackRock

BUILDING SUSTAINABLE & TRANSITION BOND PORTFOLIOS

Explore iShares fixed income offering



Adapting to change

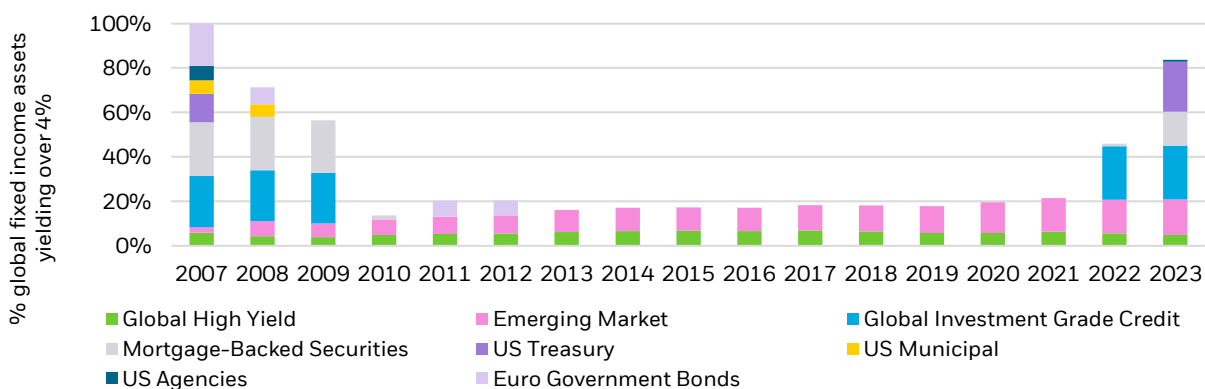
Macro and structural trends in bond investing

For the first time since 2007, more than 80% of fixed income sectors are yielding over 4%.¹ Not only are bond yields rising, but the ability for bonds to act as an equity diversifier and stabilise portfolios has returned. The current regime of sustained higher rates, coupled with central banks hitting pause on rate hikes and inflation indicators falling around the world, **creates an appealing entry point for many looking to reallocate back into fixed income.**

In addition, structural trends such as **the shift to sustainable investments are front of mind for many investors** as industry-wide sustainable regulations come into effect and investors make commitments to transition to a low-carbon economy.

1. Source: Bloomberg as of 31 December 2023

Figure 1: Global fixed income assets yielding over 4%

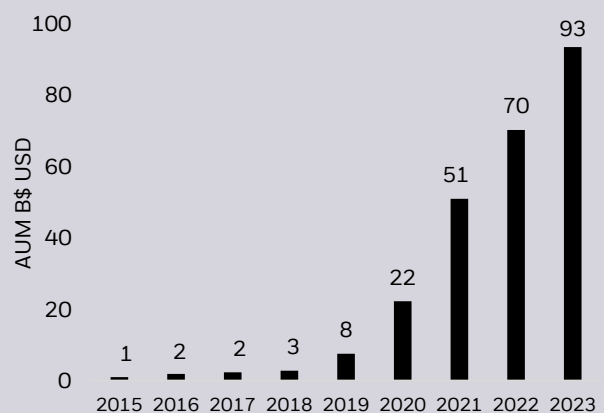


Source: BlackRock Investment Institute, with data from Bloomberg, 31 December 2023. Notes: Indices used Bloomberg U.S. Treasury, Bloomberg Municipal Bond, Bloomberg Global Aggregate Corporate, Bloomberg Global High Yield, Bloomberg Global Aggregate Agencies, Bloomberg EM USD Aggregate, Bloomberg EM Local Currency Government, Bloomberg U.S. Mortgage-Backed Securities, Bloomberg Investment Grade CMBS, Bloomberg Global Treasury Bond Indexes (Italy, Spain, Ireland, France, Germany)

Reallocating into bonds with sustainable ETFs

- Sustainable bond ETFs have experienced remarkable growth, with global assets under management (AUM) increasing by over 90 times since 2015 (See figure 2)
- Bond ETFs are increasingly becoming a tool of choice for investors looking to improve their portfolios' sustainability characteristics and fulfil carbon reduction targets.
- The rules-based methodology inherent in indexed ETFs provides visibility and transparency. This, along with cost-effectiveness, liquidity and the overall efficiency of the ETF wrapper have contributed to growing adoption.

Figure 2: Sustainable bond ETF global AUM



Source: BlackRock Global Business Intelligence, with data from Bloomberg and Morningstar as of 31 December 2023.

iShares sustainable & transition bond offering

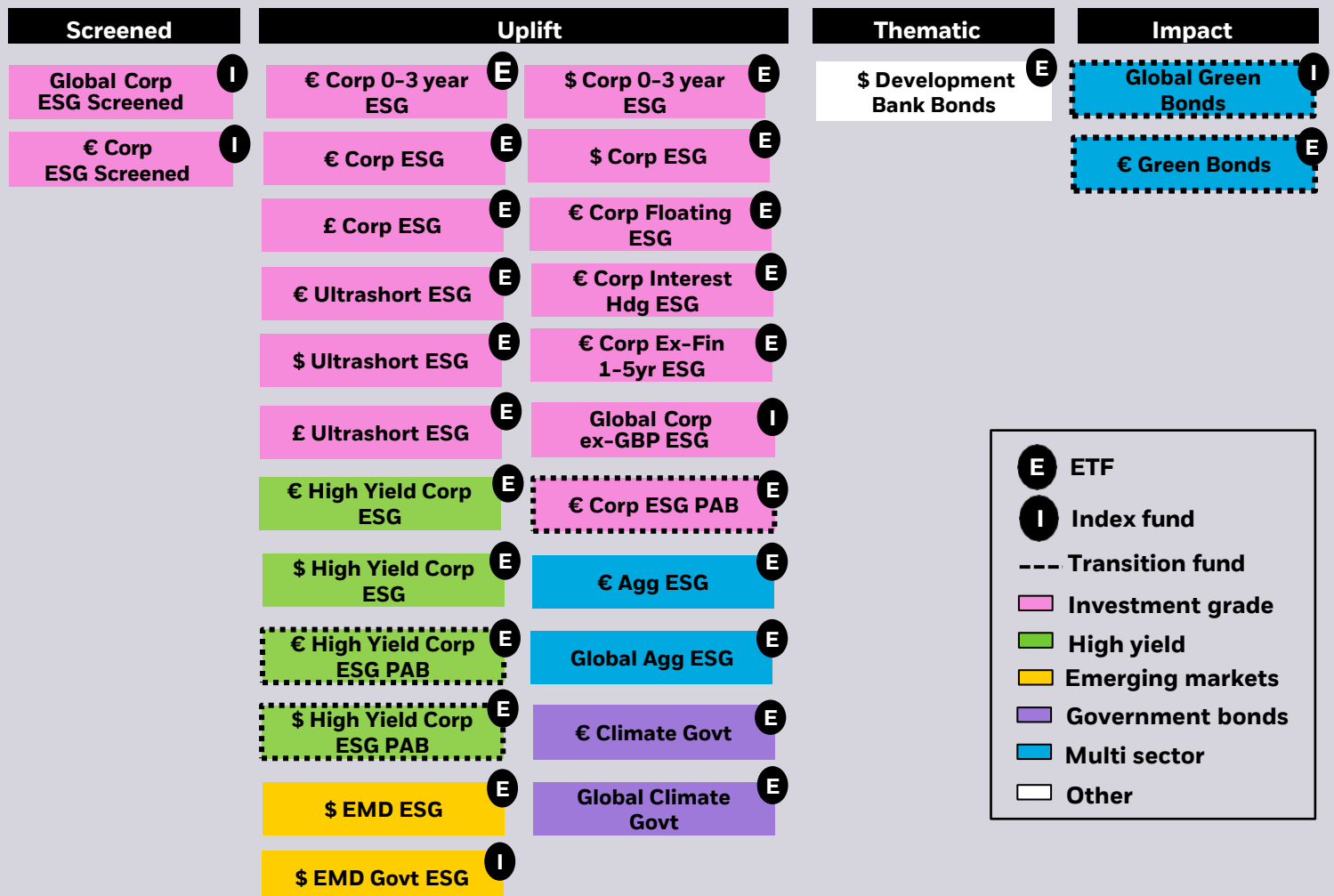
Why iShares for sustainable and transition in fixed income?

Expertise	Quality	Choice
<ul style="list-style-type: none"> When investing with iShares, investors access a quality indexing platform backed by + 30 years of BlackRock's fixed income expertise. iShares' data & analytics expertise evaluates sustainability characteristics at the portfolio level, seek to offer investors a comprehensive understanding of their exposure and potential future developments. 	<ul style="list-style-type: none"> At iShares we aim to offer quality products designed with fixed income characteristics in mind and crafted to adapt to changing markets and regulations. We continuously seek to innovate to reflect the evolution of bond markets, navigate shifting regulatory frameworks, and meet the evolving needs of our clients. 	<ul style="list-style-type: none"> iShares offers the widest range of sustainable and transition bond ETFs and index funds globally,¹ spanning credit, government bonds & emerging market debt. From broad market exposures to precise pockets, iShares offer efficient building blocks needed to reach to construct sustainable bond portfolios.

1. Source: Bloomberg and Morningstar as of 31 December 2023. iShares manages 37 sustainable bond ETFs globally with a total AUM of USD 38 billion. This is more than any other ETF manager by both number of products and AUM.

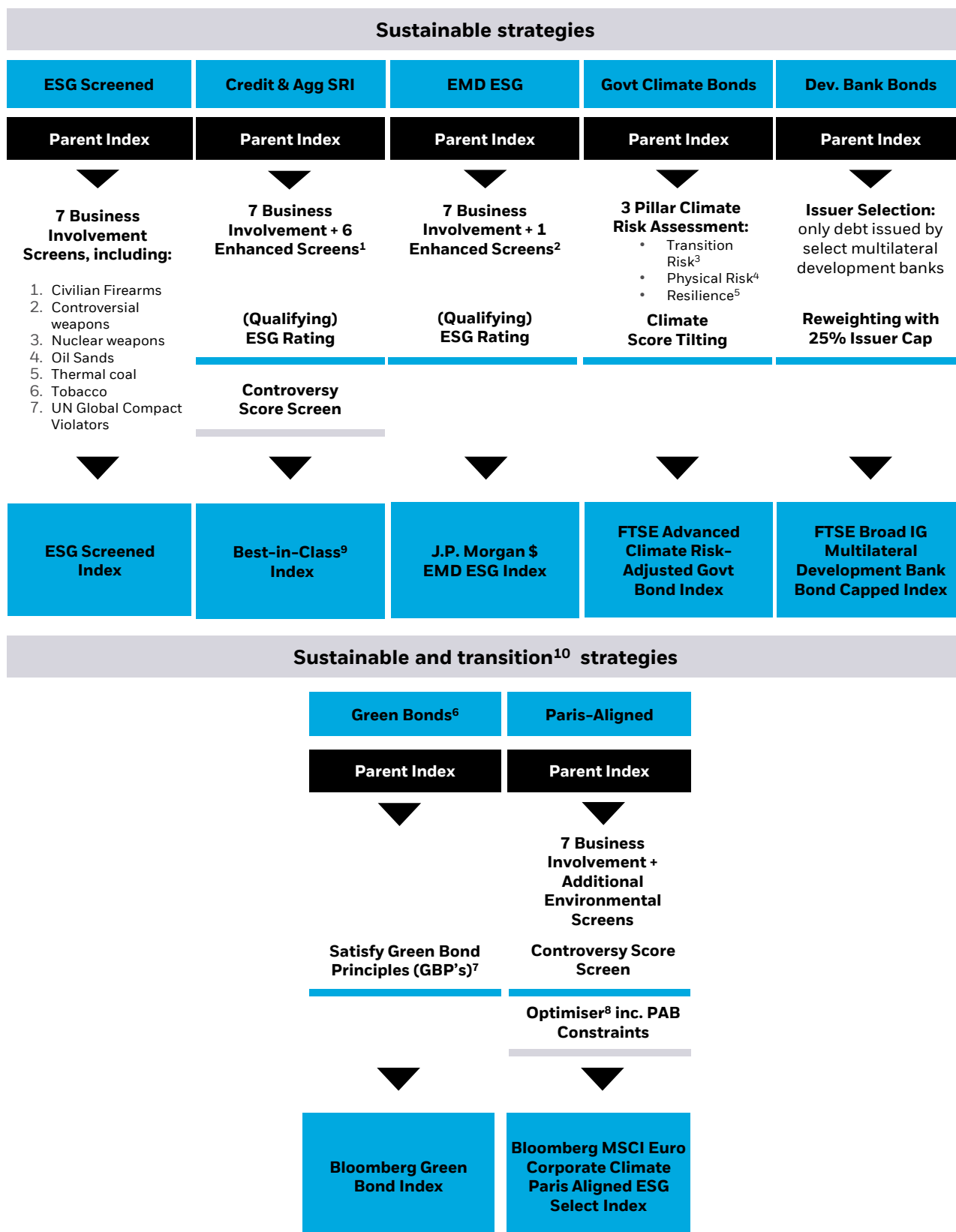
iShares sustainable & transition² bond fund range

From funds that solely deploy business involvement screens to funds that pursue a direct, measurable sustainable impact, iShares offers a full range of ETFs and index funds to help investors build bond portfolios with improved sustainability characteristics and carbon emissions reduction considerations.



2. Our Sustainable Investing Platform includes Screened, Uplift, Thematic, and Impact strategies using environmental, social and/or governance data as a portfolio construction input and a subset also seek to achieve long-term sustainability outcomes in line with each specific investment objective. Blackrock Sustainable Investing platform details available on page 6. Blackrock transition investing definition available on page 7. Source: BlackRock, as of 31 December 2023. For illustrative purposes only.

iShares sustainable & transition bond methodologies



1. Enhanced screens includes Unconventional Oil & Gas, Alcohol, Gambling, Adult Entertainment, GMOs, Nuclear Power. **2.** Enhanced screens includes oil sands Source: BlackRock, 31 December 2023. For illustrative purposes only. **3.** Transition risk represents the impact on the economy from the required efforts to mitigate climate risk as measured by modelled emissions needed to meet 2-degree alignment **4.** Physical risk represents the climate related risk to the country and its economy from the physical effects of climate change **5.** Resilience represents a country's preparedness and actions to cope with climate risk. **6.** In addition, the EUR Green Bond index also includes 7 Business Involvement Screens, a Controversy Score Screen, as well as reweighting with Issuer Caps. **7.** The Green Bond Principles ("GBP") are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market. **8.** Optimiser refers to the MSCI Barra Global Equity Model, which reweights securities to pre-defined parameters. **9.** Best-in-Class refers to the final selection of remaining eligible securities. This is achieved through their ranking by MSCI ESG Rating within their GICS sector and their inclusion in to the index until a pre-defined market capitalisation is reached. **10.** Our Transition Investing Platform includes private market funds, transition deals, and public market portfolios whose principal strategy either through portfolio objective or investment selection focuses on preparing for, being aligned to, benefitting from and/or contributing to the low-carbon transition.

iShares Sustainable Services

Helping you navigate sustainable investing

Investors can face unique opportunities and challenges related to sustainable investing, including distilling large volumes of data and information, navigating a changing landscape, and finding the right investment products to meet their needs.

iShares understands investors are at different stages on their sustainable journey, and are here to listen to investors' goals, share insights, and offer investment choices.

How can iShares Sustainable Services help?

Portfolio Construction

Portfolio insights from the **BlackRock Investment Institute (BII)** and portfolio construction analysis from the **BlackRock Portfolio Analysis & Solutions (BPAS)** team, helps improve your visibility of your portfolio's sustainable profile and blend index and active products to meet your goals.

FOR PROFESSIONAL CLIENTS / QUALIFIED INVESTORS / QUALIFIED CLIENTS ONLY

THE PORTFOLIO VIEW: Investment approaches emerging at a moment of change

BlackRock Portfolio Analysis & Solutions, April 2023

A variety of short papers to provide a high-level overview on themes and topics BlackRock believes you should consider when implementing changes to your fund allocation and portfolio construction.

While international monetary and fiscal policy coordination is making space for a more sustainable investment, significant advances in key assets have occurred this year, driven by fear around the macroeconomic environment.

As the year unfolds, we believe that investors will continue to diversify their asset allocation across various asset classes. A key challenge for investors is to identify their asset allocation goals and investment objectives. A key challenge for investors is to identify their asset allocation goals and investment objectives.

Investors will strengthen asset allocation choices that are likely to be resilient in the long term. As investors digest the events and data for their portfolios, they will likely see more opportunities to diversify their portfolios.

1. Opportunity-focused Investment choice aimed at taking advantage of the value that has been created through innovation, with the goal to create further specifically through the delivery of long-term performance.

2. BlackRock-aligned Approach aimed at replicating exposure to the portfolio benchmark. Underlying this approach is the focus on the long-term performance of the portfolio benchmark, which remains our primary focus.

3. Fundamentals-driven Behavior driven to build the portfolio and the macro environment have fundamentally changed. This focus asset behavior underlying asset allocation design will need to be re-evaluated and that fundamental changes in the benchmarking asset allocation are likely to be significant.

4. Sustainable & Opportunity-focused While highly dependent on investor performance, and portfolio objectives, a focus of value creation and opportunities in the market and could represent either investment opportunities, or a focus on value creation in the market, and could be more significant.

As we enter the Q2, adding to U.S. equities, we expect a steady increase in equity allocations. We expect a steady increase in equity allocations. We expect a steady increase in equity allocations.

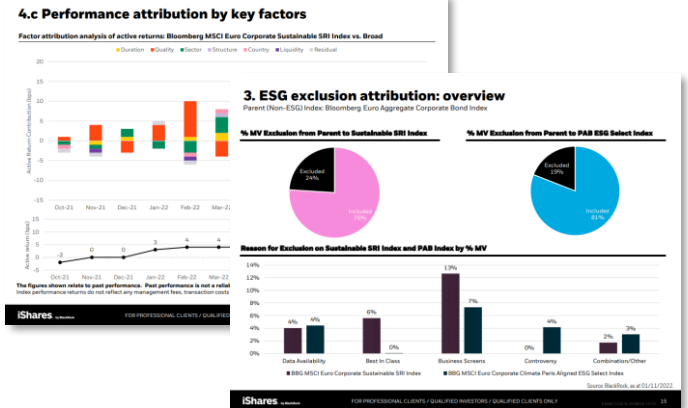
BlackRock's year view is available on our website. The example on the right is an example of a BlackRock Portfolio Construction today.

Want to know more? If you are looking to make changes to your portfolio, or would be interested in better understanding how your portfolio should be managed, please contact your BlackRock Relationship Manager and request a BPAS Portfolio Construction today.

BlackRock

Sustainable Index Analytics

Comparisons and analysis of sustainable and non-sustainable indices, including ESG metrics, methodologies, and regional differences, are available. iShares helps investors make active decisions through indexing by providing a deeper understanding of index selection.



Trading & Liquidity

Picking the trading strategy at the most appropriate time for an efficient outcome using tools and analysis provided by trading experts in the **iShares Markets Coverage** team.

FOR PROFESSIONAL CLIENTS AND QUALIFIED INVESTORS ONLY

SUSTAINABLE CORE: TRANSITIONING A MULTI ASSET PORTFOLIO

EMEA ETF Markets Coverage

TRADING & LIQUIDITY

At BlackRock we support investors through every stage of their investment journey. Our experts are here to help you understand the most common misconceptions surrounding sustainable investing and provide you with the tools and resources you need to make informed decisions.

Fundamentals of ETF Liquidity - at least

A common misconception is that Sustainable ETFs are not liquid. However, because most Sustainable ETFs have highly visible assets and similar benchmarked assets and they track the same parent benchmarks, it is possible to track the same parent benchmarks. Hence, liquidity pricing is not a concern for Sustainable ETFs.

Key Factors

- 1. Market Liquidity** Significant overlap in the benchmarking and underlying assets.
- 2. Overlap** Significant overlap in the benchmarking and underlying assets.
- 3. Contingency** Picking the right broker could mean a reduction in costs.
- 4. Timing** Consider the relative premium/discount of the ETFs in order to determine a less costly switch point.

An indicative preview of ETF Liquidity

Index	Parent	ETF	20 Day ADV (\$mil)	Tighter Bid, Lower Spread
ESG	Bloomberg MSCI Europe SRI	ESG	789	+
ESG	Bloomberg MSCI Europe SRI	ESG	177	+
ESG	Bloomberg MSCI Europe SRI	ESG	150	0
ESG	Bloomberg MSCI Europe SRI	ESG	17	-
ESG	Bloomberg MSCI Europe SRI	ESG	15	-
ESG	Bloomberg MSCI Europe SRI	ESG	45	-

Understanding Trading Costs for ETFs

Size of the trade (Ordering in the size of the trade, several strategies can be implemented to reduce costs)

Order type (The investor's objectives and constraints are key factors in choosing the order type)

Layers of liquidity (The investor's objectives and constraints are key factors in choosing the order type)

ETF primary market (Liquidity of the underlying securities, ETF secondary market)

ETF secondary market (Liquidity of the underlying securities, ETF secondary market)

BlackRock

Product Selection

A detailed analysis of the key differences between products aligned to your chosen sustainable indices, from the **iShares Equity and Fixed Income Product Strategy** teams.

Sustainable Investing at BlackRock

Investment Management Solutions
Integration of ESG insights and data into our active and advisory investment processes and portfolio construction.

Sustainable Investment Solutions
Extensive platform encompassing index and active funds across all asset classes, designed to help clients meet their sustainability and financial objectives.

BLK Sustainability by the Numbers

\$473 billion Assets under management

\$2.96 trillion Assets under advisement

Sustainable Index Strategies all SFDR article 8, unless stated otherwise

Data Technology
Aladdin allows investors and clients to understand and manage portfolio risk. While proprietary tech platforms may help in risk, risk cannot be eliminated.

Company
Fundrise Investment Services with compliance of our clients on issues that impact

Screened	Optimized	Uplift	Climate	Thematic	Impact
World, USA, Europe	World, USA, Europe	World, USA, Europe	World, USA, Europe	World, USA, Europe	World, USA, Europe
ESG	ESG	ESG	ESG	ESG	ESG
ESG	ESG	ESG	ESG	ESG	ESG
ESG	ESG	ESG	ESG	ESG	ESG
ESG	ESG	ESG	ESG	ESG	ESG
ESG	ESG	ESG	ESG	ESG	ESG

Factors + ESG

Sectors + ESG

BlackRock

For illustrative purposes only.

Appendix

Blackrock Sustainable Investing Platform

Our sustainable platform provides clients with choice to invest in line with their specific investment goals and objectives.

Across the platform, products use environmental, social and / or governance data as a portfolio construction input and a subset of those products also seek to achieve long-term sustainability outcomes.¹

BlackRock Sustainable Investing Platform				
	Screened	Uplift	Thematic	Impact
Investment approach	Constrain investments by avoiding issuers or business activities with certain environmental, social and / or governance characteristics.	Commitment to investments with improved environmental, social and / or governance characteristics versus a stated universe or benchmark.	Targeted investments in issuers whose business models may not only benefit from but also may drive long-term sustainability outcomes .	Commitment to generate positive, measurable, and additional sustainability outcomes .
Additional details	Includes use of screens and may be enhanced with active engagement with specific issuers.	Environmental, social and / or governance data drives portfolio construction and security selection with some strategies leveraging to target a specific objective.	Strategy construction determined by focused exposure to the specific environmental or social theme.	Investment process must showcase “additionality” and “intentionality” in line with Operating Principles for Impact Management.

1. In line with each product’s specific investment objective. As of 31 December 2023.

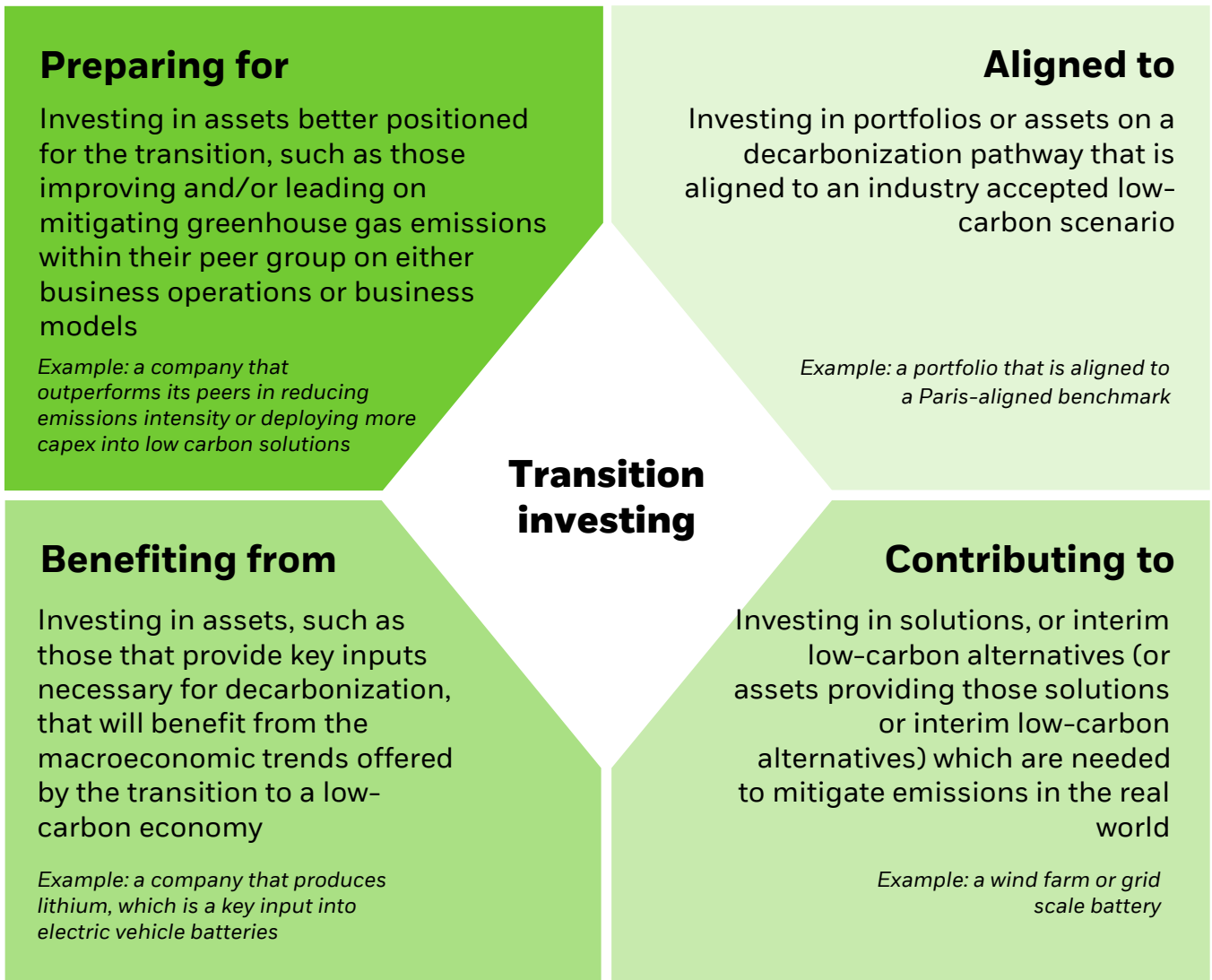
Appendix

Blackrock transition investing definition

Clients across the world are investing in the transition to a low-carbon economy to generate returns, manage risk, or execute on commitments.

At BlackRock, we define transition investing as: Investing with a focus **on preparing for, being aligned to, benefitting from and/or contributing to the transition to a low-carbon economy.**

These are not mutually exclusive.



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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 and depend on personal individual circumstances.

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