BlackRock

Seek higher income with lower volatility

CLOA

BlackRock AAA CLO ETF

Expense Ratio: 0.20%
Benchmark: JP Morgan CLOIE AAA Index

Why CLOA?

Potential for higher income with lower volatility
AAA Collateralized Loan Obligations ("CLOs") are typically floating rate instruments providing potential income that may adjust with changes in short-term rates while also historically exhibiting lower volatility compared to fixed-rate investment grade bonds.[1] This may make them particularly attractive in a rising rate or inflationary environment.

Actively managed by BlackRock's CLO Investment team
The fund leverages the expertise of BlackRock's CLO team who have been managing third-party CLOs since 2010 and manage over $32 billion in CLO investments, of which $19 billion consists of AAA tranches.[2]

Low-cost access to high quality AAA CLOs
Seeks to provide low cost actively managed exposure to AAA CLOs. The fund's net expense ratio of 0.20% is less expensive than the average fund in the Morningstar Ultrashort-bond category (and less expensive than other comparable AAA CLO ETFs).[3]

The BlackRock advantage

BlackRock is the world's largest ETF provider[4]

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Experienced investment team with 20+ years managing CLOs

BlackRock is the largest provider of ETFs globally. Senior investment professionals of BlackRock's CLO investing team have 23 years of average industry experience.

[1] Source: JP Morgan, BlackRock, Bloomberg as of 11/30/22. AAA CLOs as represented by the JP Morgan CLOIE Index. Fixed-rate investment grade bonds as represented by the Bloomberg US Aggregate Index ("Agg"). The 1y,3y,5y standard deviation of monthly returns for the JP Morgan CLOIE index is 2.3%, 3.7% and 2.9% respectively (source JP Morgan). The 1y,3y,5y standard deviation of monthly returns for the Agg are 8.0%, 5.8% and 5.0% respectively (source: Bloomberg). Indexes are unmanaged and one cannot invest directly in an index.
[2] Source: BlackRock as of 06/30/2023.
[3] Source: Morningstar, Bloomberg. Category average includes all mutual funds and ETFs. The average category net expense ratio is 0.46% (source Morningstar as of 12/13/2022). The next least expensive AAA CLO ETF has a net expense ratio of 0.25%. The average expense ratio for comparable AAA CLO ETFs is 0.25% (source for ETF expense ratios, Bloomberg, as of 12/13/2022).
[4] Source: BlackRock as of 11/30/2022. Largest ETF provider based on number of products and AUM

Potential benefits of investing in a AAA CLO ETF

Income

CLOs are floating rate assets meaning that their yield adjusts with short-term interest rates, resulting in potentially higher income in a raising rate environment and less price volatility relative to comparable fixed rate bonds.

Capital preservation

AAA CLOs have historically not seen any defaults.[5] Seniority in the capital structure and reduced sensitivity to changes in interest rates may provide attractive capital preservation.

Risk-adjusted returns

AAA CLOs have compared favorably on both a historic absolute return basis and a risk adjusted basis to other Ultrashort-bond funds.[6]

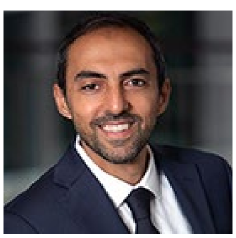
BlackRock's CLO investing expertise

BlackRock is one of the largest asset managers in the CLO market, managing $32 billion of AUM[7] by a dedicated CLO team. BlackRock's CLO investment team led by Saffet Ozbalci consists of 7 investment professionals. Senior members of the team have an average of 23 years of experience and 14 years of BlackRock tenure.

The team's advantage and expertise is differentiated not just by its rigorous investment process—inclusive of an in-depth evaluation of structures, underlying collateral and assessing relative value opportunities—but also its access to advanced analytics through Aladdin.

BlackRock also leverages the expertise it gains through the management of its Magnetite CLO platform which currently includes over $12.6 billion of assets under management across 24 CLO transactions.[8]

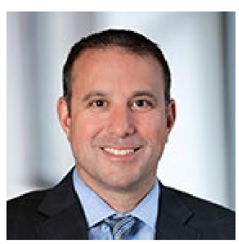
Meet our team



Saffet Ozbalci

Managing Director

Head of Structured Credit & CLO Investment Team



Peter Hirsh

Director

Portfolio Manager

Nidhi Patel

Director

Portfolio Manager

[5] Source: S&P "U.S CLO Defaults as of 03/23/2022. While the Fund invests principally in CLO tranches that are rated AAA, such ratings do not constitute a guarantee of credit quality and may be downgraded.

[6] Source: Morningstar, JP Morgan, BlackRock as of 11/30/2022, Ultrashort-bond category as defined by Morningstar (includes mutual funds and ETFs). **Past performance is not a guarantee of future results.** JP Morgan CLOIE AAA Index is utilized to proxy total returns on AAA CLOs. Over the last 10years AAA CLOs have returned 2.1% on an annualized basis and 0.99% on a risk-adjusted basis. The Morningstar Ultrashort-bond category has returned an 0.92% on an annualized basis and 0.80% on a risk-adjusted basis. 'Risk adjusted' refers to a ratio of annual returns to annual standard deviation of monthly returns. Source for monthly standard deviations are JP Morgan (for JP Morgan CLOIE AAA Index) and Morningstar (for Ultrashort-bond category).

[7] Source: BlackRock as of 06/30/2023.

[8] Source: BlackRock as of 12/31/2022.

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Standard Deviation measures how dispersed returns are around the average. A higher standard deviation indicates that returns are spread out over a larger range of values and thus, more volatile.

Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing. Investing involves risk, including possible loss of principal.

While the BlackRock AAA CLO ETF (the "Fund") will invest primarily in CLO tranches that are rated AAA, such ratings do not constitute a guarantee of credit quality and may be downgraded. In stressed market conditions, it is possible that even senior CLO debt tranches could experience losses due to actual or perceived defaults, and rating downgrades and forced liquidations of underlying collateral. CLO securities may be less liquid than other types of securities and there is no guarantee that an active secondary market will exist or be maintained. The CLO securities in which the Fund invests are managed by investment advisers independent of BlackRock Fund Advisors, the Fund's investment manager, and an affiliate of BlackRock Investments, LLC. Any adverse developments with respect to the CLO manager may adversely impact the CLO securities held within the Fund.

The Fund is subject to interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the value of debt securities. Credit risk refers to the possibility that the debt issuer will not be able to make principal and interest payments. Securities with floating or variable interest rates may decline in value if their coupon rates do not keep pace with comparable market interest rates. The Fund's income may decline when interest rates fall because most of the debt instruments held by the Fund will have floating or variable rates.

The Fund is actively managed and does not seek to replicate the performance of a specified index. The Fund may have a higher portfolio turnover than funds that seek to replicate the performance of an index.

Index performance is for illustrative purposes only. Index performance does 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 performance does not represent actual Fund performance. For actual fund performance, please visit www.iShares.com.

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