

INVESTING IN THE ENERGY TRANSITION

A GUIDE TO IMPLEMENTATION

WHAT IS THE ENERGY TRANSITION?

The energy transition is one of several mega forces driving a global economic transformation, reshaping energy production and consumption and spurring capital investment across regions and sectors.

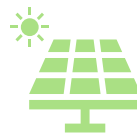
WHERE ARE WE?

The energy system currently sits at the crossroads of many mega forces, like the growing energy needs from AI and geopolitical fragmentation, that's leading to strategic competition in the field of energy and critical commodities.¹

WHY NOW?

Interest in the energy transition is being driven by three trends:

Technology: Technological innovation and advances are reducing capital and operating costs, *making low-carbon technologies cheaper and more competitive.*



100% of global electricity demand growth in 2025 was met by clean energy²

Policy: Governments are enacting policies to attract capital and achieve multiple objectives: *competitiveness, energy security & affordability, and decarbonization.*



Global energy transition investments hit a record high of **\$2.3T** in 2025³

Consumer and investor preferences: Consumers and investors are helping drive demand by showing a *preference for lower-carbon products*, particularly as they become more affordable.



64% of customers are likely to consider an EV for their next purchase⁴

A BLUEPRINT FOR INVESTING

The energy transition presents both risks and opportunities, and investors can seek to capitalize on this momentum in two ways.

Core Building Blocks

Investors may consider allocating core positions in their portfolio to investment strategies that take a broad cross-sector approach to invest in companies that may be better positioned for the energy transition.

Targeted Satellite Exposures

Investors may also consider allocating to more targeted exposures to capture themes associated with the energy transition, like battery storage, clean energy, or infrastructure.

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iShares[®]
by BlackRock

Building Blocks for the Core

Low-Carbon Transition Strategies

Strategies that invest in companies that BlackRock believes are better positioned to benefit from the low-carbon transition using an active approach that evaluates exposure to fossil fuels, clean technology, and energy, water, and waste management.

Climate Conscious Strategy

Invests in companies across all sectors that may be better positioned for the low-carbon transition relative to peers by evaluating current climate metrics and forward-looking initiatives like science-based targets, emissions reduction, carbon risk management, and green business revenue.

Paris-Aligned Strategies

Strategies designed to be compatible with the objectives of the Paris Agreement by following a decarbonization trajectory, reducing exposure to climate-related transition and physical risks, and increasing exposure to companies favorably positioned for the low-carbon transition.

Green Bond Strategy

Seeks to achieve measurable environmental impact by investing in USD-denominated investment grade green bonds.

Targeted Exposures

Power Generation

Access companies involved in the production and distribution of renewable energy and equipment.
Example: POWR or ICLN

Electrification

Strategies designed to provide exposure to innovative battery technologies, electric vehicles, autonomous driving technologies, and energy storage solutions.
Example: IBAT or IDRV

Enabling Metals

Strategies that seek exposure to copper, lithium ore, and/or other metal ore mining, which is essential to a wide range of energy technologies supporting the transition to a low-carbon economy.
Example: ICOP, ILIT, or ISTM

Related Funds

Index fund

Active fund

Domestic

iShares U.S. Carbon Transition Readiness Aware Active ETF ([LCTU](#))

iShares Climate Conscious & Transition MSCI USA ETF ([USCL](#))

iShares Paris-Aligned Climate MSCI USA ETF ([PABU](#))

International

iShares World ex U.S. Carbon Transition Readiness Aware Active ETF ([LCTD](#))

iShares Paris-Aligned Climate MSCI World ex USA ETF ([PABD](#))

Global

iShares USD Green Bond ETF ([BGRN](#))

Domestic

iShares U.S. Power Infrastructure ETF ([POWR](#))

Global

iShares Global Energy ETF ([ICLN](#))

iShares Energy Storage & Materials ETF ([IBAT](#))

iShares Self-Driving EV and Tech ETF ([IDRV](#))

iShares Copper and Metals Mining ETF ([ICOP](#))

iShares Lithium Miners and Producers ETF ([ILIT](#))

iShares Strategic Metals ETF ([ISTM](#))

The strategies discussed are strictly for illustrative and educational purposes and are not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. There is no guarantee that any strategies discussed will be effective.

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.

Diversification and asset allocation may not protect against market risk or loss of principal. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

The Fund's environmental, social and governance ("ESG") investment strategy limits the types and number of investment opportunities available to the Fund and, as a result, the Fund may underperform other funds that do not have an ESG focus. The Fund's ESG investment strategy may result in the Fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards. In addition, companies selected by the index provider may not exhibit positive or favorable ESG characteristics.

International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets and in concentrations of single countries.

Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and the general securities market.

Actively managed funds do not seek to replicate the performance of a specified index, may have higher portfolio turnover, and may charge higher fees than index funds due to increased trading and research expenses.

A fund's strategy of investing in securities of companies with low carbon exposure limits the type and number of investment opportunities available to the fund and, as a result, the fund may underperform other funds that do not seek to minimize carbon exposure. A fund's low carbon exposure investment strategy may result in the fund investing in securities or industry sectors that underperform the market.

Fixed income risks include interest-rate 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.

The Fund's green bond investment strategy limits the types and number of investment opportunities available to the Fund and, as a result, the Fund may underperform other funds that do not have a green bond focus. The Fund's green bond investment strategy may result in the Fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds with a green bond focus. In addition, projects funded by green bonds may not result in direct environmental benefits.

Technology companies may be subject to severe competition and product obsolescence.

Negative changes in commodity markets could have an adverse impact on companies the Fund invests in. The price of the equity securities of companies engaged in mining and the price of the mined metals may not always be closely linked. Worldwide metal prices may fluctuate substantially over short periods of time, so the Fund's share price may be more volatile than other types of investments.

Investing in commodity-linked derivatives and commodity-related companies may increase volatility. Price movements are outside of the Fund's control and may be influenced by weather and climate conditions, livestock disease, war, terrorism, political conflicts and economic events, interest rates, currency and exchange rates, government regulation and taxation. Commodity futures trading may be illiquid. In addition, suspensions or disruptions of market trading in the commodities markets and related futures markets may adversely affect the value of the Fund.

The Fund is a commodity pool, as defined in the Commodity Exchange Act and the applicable regulations of the Commodity Futures Trading Commission, or "CFTC," and is managed by its Advisor, BlackRock Fund Advisors, a commodity pool operator registered with the CFTC.

The Fund's use of derivatives may reduce the Fund's returns and/or increase volatility and subject the Fund to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. Commodity futures trading may be illiquid. In addition, suspensions or disruptions of market trading in the commodities markets and related futures markets may adversely affect the value of the Fund. Certain derivatives may give rise to a form of leverage and may expose the Fund to greater risk and increase its costs. To the extent that the Fund invests in rolling futures contracts, it may be subject to additional risk. An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline.

This material represents an assessment of the market environment as of May 2026; is subject to change; and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the funds or any issuer or security in particular.

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