ETFs: AN INNOVATION OF INDEX INVESTING

iShares by BlackRock

Audio script

[Music in background throughout]

Frame 1:

On-screen copy:
ETFs: An Innovation of Index Investing

Please see important information at the end of the video.

[iShares by BlackRock and Merrill logos are shown]

Frame 2:

[Music in background continues and video transitions to new frame. iShares by BlackRock and Merrill logos are shown above information about each company.]

On-screen copy:
About iShares: iShares unlocks opportunity across markets to meet the evolving needs of investors. With more than twenty years of experience, a global line-up of 900+ exchange traded funds (ETFs) and $3.27 trillion in assets under management as of December 31, 2021. iShares continues to drive progress for the financial industry. iShares funds are powered by the expert portfolio and risk management of BlackRock, trusted to manage more money than any other investment firm.

iShares is not affiliated with Bank of America Corporation.

About Merrill: Merrill Lynch Wealth Management, which is part of Bank of America Corporation, is a leading provider of comprehensive wealth management, including planning for retirement, education, legacy, and other life goals. Merrill is one of the largest wealth management business in the world, with approximately $2.9 trillion in client balances as of March 31, 2021. Client balances consists of the following assets of clients held in their Merrill accounts, including assets under management (AUM) of Merrill entities, client brokerage assets, and assets in custody of Merrill entities, as well as loan balances and deposits of Merrill clients held at Bank of America, N.A. and affiliated banks.

Please see important information at the end of the video.

Frame 3:

[Video transitions to new frame. iShares by BlackRock logo appears in upper left corner while the video title appears.]

On-screen copy:
ETFs: An innovation of index investing

Frame 4:

[Background music fades out and voiceover audio begins. Image of dominoes appears over colored box with arrow pointing to the right.]

On-screen copy:
What is an index

Voiceover audio:
In this video we'll explain what an index is, and walk through some of the different types of indexes.

[Image of ocean waves over colored box with arrow pointing to the right, appears to the right of the current image/colored box]

On-screen copy:
Index and ETF investing

Voiceover audio:
Then we'll examine the case for index investing, in particular, through the use of ETFs, or Exchange Traded Funds.

[Image of a person in front of a waterfall, appears over colored box, to the right of the current image/colored boxes]

On-screen copy:
ETFs today

Voiceover audio:
Lastly, we will examine some of our index ETFs and the different approaches they take to achieve specific exposures and outcomes.

Frame 5:

[Video transitions to new frame as voiceover audio continues. Image of dominoes appears on the right to indicate start to sub-section 1.]

On-screen copy:
What is an index

Voiceover audio:
So just what is an index?

Frame 6:

[Video transitions to new frame as voiceover audio continues. A stockpot icon appears on the left of the frame as graphic builds. New icons build around the stockpot icon clockwise, starting with blocks, followed by a water drop, technology symbol, safety shield, leaf and finally lightbulb. The icons spin around the stockpot clockwise, connected by a curved white line. To the right of this graphic appears a three-way arrow, which points to three main bullet points.]

On-screen copy:
What is an index

Measurement
Tracking / replicating
Performance

Voiceover audio:
An index is an indicator, or a measurement, that can be made for just about anything. In investing, an index tracks the performance of a group of securities such as stocks or bonds. Investors use indexes in many ways. Historically, they've been used to calculate the performance of a particular market or asset class. They are also often used to benchmark performance, whether of your own personal account, or the performance of a third-party or even of a mutual fund.

On-screen disclosure:
For illustrative purposes only

Frame 7:

[Video transitions to new frame as voiceover audio continues. A box appears on the left of the with copy that animates in as key questions. A table to the right of the frame appears. Images of utensils with a bow tie noodle animate in from the bottom left of the frame.]

On-screen copy:
Index methodology

Indexes take a rules-based approach to determine their ‘recipe’

<u>An index’s methodology is like a recipe</u>
What securities should be included?
What securities should be excluded?
How much of each security should we add?

Voiceover audio:
Indexes are built in a standardized, and rules-based way, with the objective of replicating the performance of a specific slice of the market. An equity index, for example, groups together stocks with similar characteristics and determines how many shares of each are to be held. This will provide an idea of how that particular market or industry is performing. Indexes come in all shapes and sizes, and although some might have the same ingredients, the recipes could be different. Why? Well, just like people have different tastes, investors have different objectives. If you use the same ingredients, but hold them at different weights, you can adjust the outcome to better suit those objectives.

All indexes have some rules or criteria to determine their “recipe”.

[The table begins to fill with copy comparing three stocks, A, B and C. Checkmark and X symbols are used to indicate if the stock is included in the index or not.]

On-screen copy:
<u>Example: An index consisting of Large US Companies</u>

Stock A: Country of Incorporation is USA, Size of Company is Large, and is Included in Index
Stock B: Country of Incorporation is USA, Size of Company is Small, and is not Included in Index
Stock C: Country of Incorporation is Canada, Size of Company is Large, and is not Included in Index

Voiceover audio:
For example, an index that seeks to measure the performance of US large cap companies would only include those companies that are incorporated here in the US and are above a certain size. Companies that meet those requirements will be eligible for inclusion while those that do not, would be excluded. So looking at the grid on the right, Company A would be eligible for the index, but Company B would not, because it is a small, and not a large company. Company C would also be excluded. Although it is a large company, it’s based in Canada and not the US.

Indexes are not new. But most investors are only familiar with a handful that they hear mentioned on the news.

On-screen disclosure:
For illustrative purposes only

Frame 8:

[Video transitions to new frame as voiceover audio continues. On the left of the frame, a sub-header mentioning indexes that you may know appears. Below the sub-header a government building icon animates in with a key index name to the right of it.]

On-screen copy:
Well-known, and not-so well-known indexes

Today, there are thousands of indexes in all sorts of flavors

<u>Indexes you may know…</u>
Dow Jones Industrial Average: U.S. mega cap stocks

Voiceover audio:
The Dow Jones Industrial Average, for example, is often the most cited index, consisting of just 30 large cap US companies. An index chooses how much of each ingredient stock to add based on the price of the stock. But there are other indexes as well.

[Below the government building icon and first index name on the left side, a three-bar graph icon animates in with a key index name to the right of it]

On-screen copy:
S&P 500: U.S. large cap stocks

Voiceover audio:
Another commonly referenced index is the S&P 500, which consists of 500 large US companies. The recipe for that index adds stocks based on the size of the company – not by the price of the stock, with a larger company having a higher percentage weight than a smaller one.

[Below the three varying height bars and second key index name on the left side, a technology icon animates in with a key index name to the right of it]

On-screen copy:
Nasdaq 100: Technology stocks

Voiceover audio:
Indexes can also get more granular, with one index commonly used as a reference for just the US Tech sector being the Nasdaq 100.

[On the right side of the frame, another sub-header animates in. Below the sub-header a globe icon animates in with a key index name to the right of it.]

On-screen copy:
<u>Indexes you might not…</u>
MSCI EAFE Index: International stocks

Voiceover audio:
Indexing is not just an American thing. The MSCI EAFE index consists of large and mid-cap companies based in other developed regions like in Europe, Australasia, and Japan. It's also not just used for stocks.

[Below the globe icon and first index name on the right side, a money icon animates in with a key index name to the right of it]

On-screen copy:
Bloomberg U.S. Aggregate Bond Index: U.S. investment grade bonds

Voiceover audio:
The most well-known bond index, for example, is the Bloomberg US Aggregate Bond Index, commonly referred to as "the Agg". It consists of US denominated investment grade bonds, made up primarily of bonds issued by the US government, as well as high quality corporate issuers.

But indexing has evolved now beyond these well-known, traditional approaches. Advancements in technology and the addition of big data, have allowed indexing to delve into more precise and more targeted exposures.

[Below the money icon and second key index name on the right side, a smart car icon animates in with a key index name to the right of it]

On-screen copy:
NYSE Global Autonomous Driving & Electric Vehicle Index: Self-driving electric vehicles and tech

Voiceover audio:
One such index is the NYSE Global Autonomous Driving & Electric Vehicle Index, which is a bit harder to say than “the Agg”. That index goes beyond just holding companies that make cars. We’ll come back to that index a little later.

On-screen disclosure:
For illustrative purposes only

Frame 9:

[Video transitions to new frame as voiceover audio continues. Image of ocean waves appears on the right to indicate start to sub-section 2.]

On-screen copy:
Index and ETF investing

Voiceover audio:
Although some indexes have been calculated for 100 years, index investing is much newer, at just about 50 years old.

Frame 10:

[Video transitions to new frame as voiceover audio continues. A head illustration animates in from the left. A donut pie chart representing an example for S&P 500 broken down by sector begins to build out in a counterclockwise manner. Once the donut pie chart is completed, a chat bubble with copy appears to the bottom right. As audio continues, sweat marks appear on the head illustration, on the left of the frame, to represent how stressful the challenge is of taking on investing alone.]

On-screen copy:
Indexes and investing

While it’s not possible to invest directly in an index…

<u>Example: S&P 500 recipe by sector</u>
Industrials: 8%
Health Care: 13%
Financials: 11%
Energy: 4%
Consumer Staples: 6%
Consumer Discretionary: 12%
Communication: 9%
Utilities: 3%
Real Eastate: 3%
Materials: 3%
Information Technology: 28%

… index funds seek to replicate the index’s ‘recipe’ for investors

Voiceover audio:
“Indexing” is a style of investing. Instead of picking which stocks to own and when to buy or sell them, an investor can build a portfolio by selecting an index to follow. By investing in all of the constituents of the index, the investor is looking to match the index performance.

But this can be challenging to do on your own. For example, let's say you want to create a portfolio that includes all of the stocks in the S&P 500 at their respective weights. That would mean finding the list of stocks, and then buying all of them at the same proportions, which would mean making over 500 trades. And you're not done there. Those constituents can change on a preset schedule, which is called a rebalance. So rather than just buying all of the stocks once, you would need to regularly sell companies that are no longer in the index and purchase the ones that are added.

50 years ago, a predecessor firm of BlackRock overcame this challenge by creating the first investable index product. Through this invention, investors could capture the performance of an entire index with a single purchase. They're most commonly available as mutual funds and exchange traded funds (or ETFs). Now you can buy an index ETF like our IVV, which follows the recipe for the S&P 500, owning all the sectors and stocks at the same weight as the index.

Index ETFs have revolutionized how people invest.

So let's take a closer look at what an ETF is.

On-screen disclosure:
For illustrative purposes only. S&P sector weights as of 04/04/2022.

Frame 11:

[Video transitions to new frame as voiceover audio continues. A graphic representing the overlap of stock and mutual funds, to meet at ETFs appears. A line pointing to the intersection of Stock and ETF appears. A line pointing to the intersection of Mutual fund and ETFs appears.]

On-screen copy:
ETFs are efficient index investments
ETFs are investment funds that aim to track the performance of a specific index, such as the S&P 500

Stock: Tradable during the day
Like a stock, an ETF can be bought and sold whenever the market is open

ETFs: Diversified funds that trade like stocks
Like a mutual fund, an ETF is a professionally managed, diversified portfolio

Mutual fund: Diversified

Voiceover audio:
ETF stands for exchange traded fund, and they offer many of the same benefits of mutual funds: they are portfolios managed by investment professionals who have resources at their disposal that most regular investors don't. But unlike a mutual fund, ETFs can be bought or sold at any time during the trading day. And where most mutual funds are actively managed, most ETFs follow an index.

On-screen disclosure:
There can be no assurance that an active trading market for shares of an ETF will develop or be maintained. When comparing stocks or bonds and iShare Funds, it should be remembered that management fees associated with fund investments, like iShares, are not borne by investors in individual stocks or bonds. For more on the differences between ETFs and Mutual Funds, please see the end of this presentation.

Frame 12:

[Video transitions to new frame as voiceover audio continues]

On-screen copy:
Why use ETFs?

Voiceover audio:
When we ask our customers what they like about iShares ETFs, we typically get one of three responses.

[A box with a bottle icon animates in on the left of the frame with description copy below it]

On-screen copy:
Diversification: ETFs can hold hundreds of securities within a single fund to help diversify your portfolio

Voiceover audio:
First, ETFs provide diversification, providing access to potentially hundreds of securities, sometimes even thousands, in a single purchase.

[To the right of the box with a bottle icon, a box with a price tag and dollar sign animates in with description copy below it]

On-screen copy:
Low cost: ETFs can keep fees lower than other diversified strategies in part because they often seek to track indexes, helping to reduce costs.

Voiceover audio:
Second, ETFs are low-cost, which means that ETF investors are able to keep more of what they earn.

[To the right of the box with a price tag and dollar sign icon, a box with a percentage icon animates into the right, with description copy below it]

On-screen copy:
Tax efficient: Because of their strategy and structure, ETFs can generally help reduce tax consequences as compared to mutual funds

Voiceover audio:
And lastly ETFs are typically more tax efficient, making them well suited for taxable brokerage accounts. ETFs are less likely to distribute capital gains, which means you are less likely to have to pay a capital gain tax while you still hold the fund. This is often an overlooked feature when determining which type of investment is best for you.

On-screen disclosure:
Transactions in shares of ETFs may result in brokerage commissions and may generate tax consequences. All regulated investment companies are obligated to distribute portfolio gains to shareholders. For more information on the differences between traditional mutual funds and ETFs, see the end of this video.

Frame 13:

[Video transitions to new frame as voiceover audio continues. Line chart representing the 25-year history of ETFs begins to grow from left to right. The x-axis starts with the year 1993 and ends with 2021. The y-axis ranges from 0 to 8. The line shows the growth of ETFs by their net asset value, starting with 1993 to 2008 valuing $1 trillion, going up in intervals of $1 trillion, until reaching $8 trillion in 2021. Three identifying lines build in from left to right, with the first pointing to 1993, the next pointing to 2002, and the last pointing to 2021.]

On-screen copy:
The history of ETFs
ETFs have had over 25 years of exponential growth while empowering investors to pursue their goals.

1993: First ETF launches
2002: The first bond ETF is launched
2021: ETF industry AUM= $10.01T

Voiceover audio:
These are just some of the reasons why ETF adoption has been nothing short of exponential. The first stock ETF was launched in 1993 with the first bond ETF following in 2002. Although it took 16 years to reach 1 trillion dollars in ETF assets, it only took 4 more to reach the second trillion, and just 3 for the third. ETFs closed out 2021 with over 10 trillion dollars in global assets, with the bulk of that, about 5.4 trillion, in US ETFs. It's no exaggeration to say that ETFs have revolutionized the way people invest, and democratized the investment industry in the process.

On-screen disclosure:
Source: As of 12/31/2021 data from 1993-2008 is from Bloomberg and BlackRock. Global ETP flows and assets are sourced using shares outstanding and net asset values from Bloomberg, as well as BlackRock internal sources, for the US, Canada, Europe, Latin America and some ETPs in Asia. For Middle East and Africa, assets and net flows data is not available. Data from 2009-2021 is from BlackRock Global Business Intelligence.

Frame 14:

[Video transitions to new frame as voiceover audio continues. Image of a person in front of a waterfall appears on the right to indicate start to sub-section 3.]

On-screen copy:
ETFs today

Voiceover audio:
So now that we've demystified indexes and explained how to access them through ETFs, let's take a closer look at the different approaches to index investing.

Frame 15:

[Video transitions to new frame as voiceover audio continues]

On-screen copy:
Illustrative look at some of the many index ETF recipes today

Voiceover audio:
Early indexes and index ETFs were primarily focused on providing exposure to large groups of stocks.

[On the left of the frame, a measuring tape icon animates in with bulleted copy below it]

On-screen copy:
<u>By size</u>
Large cap stocks
Mid cap stocks
Small cap stocks

Voiceover audio:
These products sliced up the stock market by the size of the company, large, mid, or small.

[Below the measuring tape icon on the left side of the frame, a bottle icon animates in with bulleted copy below it]

On-screen copy:
<u>By asset</u>
Investment grade bonds
High yield corporate bonds

Voiceover audio:
Other ETFs might focus on providing exposure to specific asset classes, like bonds. But indexes are not one size fits all. Many investors have more specific objectives in mind, such as receiving regular income.

[On the right side of the frame, to the right of the measuring tape icon, a magnifying glass icon animates in with bulleted copy below it]

On-screen copy:
By attribute
High dividend paying stock
Dividend growing stocks

Voiceover audio:
There are a number of ETFs that will therefore look at specific attributes of a company, like whether or not it pays a dividend.

[Below the magnifying glass icon on the right side of the screen, a bullseye icon animates in with bulleted copy below it]

On-screen copy:
By theme
Driverless cars
Clean energy

Voiceover audio:
But index ETFs have evolved to target not just specific asset classes, but attributes or themes as well, like clean energy, or driverless cars.

Let's start by taking a closer look at some broad-based index ETFs.

On-screen disclosures:
For illustrative purposes only.

The strategies discussed are strictly for illustrative and education 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.

Frame 16:

[Video transitions to new frame as voiceover audio continues. A measuring tape icon appears in the right-hand corner. The left side of the frame shows the first broad-based index ETF. Listed below the first broad-based index ETF are the Illustrative top 5 holdings.]

On-screen copy:
Size recipe: Market cap

IVV
iShares Core S&P 500 ETF
Benchmark index: S&P 500 Index
Illustrative top 5 holdings: Apple (AAPL), Microsoft (MSFT), Amazon (AMZN), Tesla (TSLA), and Google (GOOGL)

Voiceover audio:
IVV seeks to track the S&P 500, which is a market cap weighted index of 500 large cap US companies. Because it is market-cap weighted, the recipe calls for larger companies to make up a higher percentage than smaller companies. Many of the names held within IVV are familiar to most people, like Apple and Amazon.

[To the right of first broad-based index ETF, another ETF animates in, with the illustrative top 5 holdings listed below it]

On-screen copy:
IJR
iShares Core S&P Small-Cap ETF
Benchmark index: S&P SmallCap 600 Index
Illustrative top 5 holdings: Southwest Energy (SWN), Independence Realty In. Trust (IRT), Omnicell (OMCL), Exponent (EXPO), and Innovative Industrial (IIPR)

Voiceover audio:
IJR, on the other hand, seeks to track the S&P small cap 600. The recipe for that index calls for exposure to much smaller companies than you would find in IVV. Small cap stocks tend to be riskier than larger companies, but they could provide more growth potential. Because of the way S&P builds their indexes, a company would not be found in more than one size bucket or in more than one ETF that tracks each index.

[In the middle of the two ETFs, a grid of black and white boxes animates in. Along the left side is labeled, top to bottom: Large, Mid, Small. Along the top, left to right, is Value, Core, Growth. The middle column of boxes under "Core" has 3 indexes (IVV, IJH, IJR). A right arrow is pointing to the first box, and a left arrow is pointing to the last box. A box with copy animates in next to the left arrow.]

On-screen copy:
Did you know?
IVV, IJH and IJR have 0% overlap and 100% coverage of the S&P 1500 index.
Large, Core: IVV – 0.03%
Mid, Core: IJH – 0.05%
Small, Core: IJR – 0.06%

On-screen disclosures:
For illustrative purposes only. Source: BlackRock as of 04/01/2022. Holdings subject to change. The information on funds not managed by BlackRock or securities not distributed by BlackRock is provided for illustration only, and should not be construed as an offer or solicitation from BlackRock to buy or sell any securities. For top ten holdings on iShares funds, please see the end of this video.

Frame 17:

[Video transitions to new frame as voiceover audio continues. A bottle icon appears in the right-hand corner.]

On-screen copy:
Type recipe: Bond quality

Voiceover audio:
As we mentioned earlier, indexing and ETFs are not specific to stocks. Bond ETFs are some of the fastest growing parts of the market. But the way bond indexes are built is a little bit different. Rather than by the size of the issuer, like with stocks, they tend to be broken down by credit risk.

[The left side of the frame shows the first bond ETF. Below that, a horizontal bar graph, representing the Credit Rating Breakdown % animates in. The x-axis has percentages, ranging from 0 to 70. The y-axis has 5 different ratings, with bars reaching their respective.]

On-screen copy:
AGG
iShares Core U.S. Aggregate Bond ETF
Broad exposure to U.S. investment-grade bonds

Credit Rating Breakdown (%)
AAA Rated: 70%
AA Rated: 4%
B Rated: 12%
BBB Rated: 19%
Cash: 1%

Voiceover audio:
AGG, for example, seeks to track an index comprised of all investment grade bonds. These are bonds issued by companies that credit rating agencies view as having low chance of defaulting on their debt. It consists mostly of bonds issued by the US government, as well as corporations.

[The right side of the frame shows the second bond ETF. Below that, a horizontal bar graph, representing the Credit Rating Breakdown % animates in. The x-axis has percentages, ranging from 0 to 70. The y-axis has 4 different ratings, with bars reaching their respective percentages.]

On-screen copy:
HYG
iShares iBoxx $ High Yield Corporate Bond ETF
Broad exposure to U.S. high yield corporate bonds

Credit Rating Breakdown (%)
BBB Rated: 1%
BB Rated: 59%
B Rated: 37%
CCC Rated: 10%

Voiceover audio:
Another product, HYG, seeks to track an index that is comprised of riskier bonds that don't meet the requirements for investment grade. This means the credit rating agencies view these issuers as having a higher risk of default than investment grade bonds. But because they are riskier, they also tend to provide higher yields.

The previous ETFs target broad exposures in differing ways, but some ETFs target a combination of exposures and securities with more specific attributes. Many investors have very specific objectives in mind.

On-screen disclosures:
For illustrative purposes only. Source: BlackRock as of 04/01/2022. Allocations are subject to change.

Credit quality ratings on underlying securities of the fund are received from S&P, Moody's and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by BlackRock and takes the median rating of the three agencies when all three agencies rate a security, the lower of the two ratings if only two agencies rate a security, and one rating if that is all that is provided. Unrated securities do not necessarily indicate low quality. Below investment-grade is represented by a rating of BB and below. Ratings and portfolio credit quality may change over time.

Frame 18:

[Video transitions to new frame as voiceover audio continues. A magnifying glass icon appears in the right-hand corner. The left side of the frame shows an ETF. Below is a sub-head, with 4 bullets of copy listing information on this particular ETF.]

On-screen copy:
Attribute recipe: seeking dividends

DGRO
iShares Core Dividend Growth ETF

Universe of US stocks:
5+ years of consistent dividend growth
Dividend payout ratio <75%
Exclude top decile div. payers
Security weighting <3%

Voiceover audio:
One example is generating income. One fund they often look to is DGRO or D. G. R. O, which is our iShares Core Dividend Growth ETF. The index methodology tries to narrow down the list of ingredients.

[A map of the United States animates in under the ETF, with a corresponding sub-head. Copy animates in to right of the map.]

On-screen copy:
Dividend weighted portfolio-growth focus
400+ U.S. companies with growing dividends

Voiceover audio:
Only those US stocks that have a 5-year track record of growing their dividends are eligible to be included, along with some additional criteria. But maybe DGRO doesn't generate enough income for you.

[The right side of the frame shows a different ETF. Below is a sub-header, with 4 bullets of copy listing information on this particular ETF.]

On-screen copy:
HDV

Universe of US stocks:
High dividend yield
Economic moat
Financial health
Security weighting <10%

Voiceover audio:
Another fund, HDV, our High Dividend ETF may be an answer.

[A map of the United States animates in under HDV, with a corresponding sub-head. Copy animates in to the right of the map.]

On-screen copy:
Dividend weighted portfolio-quality focus
75 High-quality U.S. companies

[To the right of the frame, a white box animates in with copy.]

Did you know?
Dividends for DGRO and HDV are typically paid on a quarterly basis to the investor

Voiceover audio:
The index HDV seeks to track examines a company's strengths to identify those that have a better chance of fending off their competitors, and therefore sustaining their dividends. One such company is Coca Cola, which has a strong brand name that competitors just can't easily replicate. It's that brand name that is why we so often pay more for Coca-Cola at the store, than the store brand that is right next to it on the shelf.

But stock attributes go beyond dividends and other fundamental characteristics.

On-screen disclosures:
For illustrative purposes only. Source: BlackRock as of 12/31/2021.

Frame 19:

[Video transitions to new frame as voiceover audio continues. A bullseye icon appears in the right-hand corner. An upside-down pyramid builds. At the top, “Global universe” has a line branching up from the pyramid. Next, three slices of the pyramid animate in, from top to bottom with copy in each. At the bottom is an arrow pointing down to “Megatrend ETF.”]

On-screen copy:
Theme recipe: unlocking the value chain

Global universe
<u>Value chain/sub-themes</u>
Global, cross-industry approach to capture each theme’s value chain
<u>Security selection</u>
Fundamental research to identify companies with exposure to each theme.
<u>Weighting</u>
Weighting scheme chosen to align with each theme’s intended exposures
Megatrend ETF

Voiceover audio:
Some of our newest and most cutting edge ETFs seek to track indexes that are targeting specific innovations or trends. But identifying which company is going to be the chief beneficiary of a particular trend can be very difficult. Broad index ETFs are one solution, but they often offer more watered down exposure to any one specific theme. Our Megatrend index ETFs, though, are designed to let you invest in your most high-conviction ideas.

Sometimes companies that benefit from a trend are not associated at all with a particular idea or technology.

[The pyramid from previous frame draws fades to the middle, with a line pointing to a new graphic on the left. At the top is a Megatrend index ETF. A smart car icon appears below that then breaks off into two branches (underneath) depicting two companies. Below that is another set of branches shaped into a ‘T’ shape that depict the connection between the car companies and related companies that may benefit from this trend. Further below that, stemming from the middle is 2 more branches that depict certain battery material breakdowns.]

On-screen copy:
<u>IDRV: Expense Ratio: 0.47%</u>
iShares Self-Driving EV and Tech ETF

Tesla – BYD Auto

<u>Self-driving tech</u>
Alphabet, Aptiv
<u>EV charging & components</u>
ABB, Magna

<u>EV battery producer</u>
LG Chem, Panasonic

<u>EV battery materials</u>
Albemarle

Voiceover audio:
Take self-driving and electric vehicles for example. We have an ETF, iDrive, IDRV, which seeks to track an Autonomous Driving and Electric Vehicle Index. Tesla is the first company most investors think of when they think about electric vehicles. But Tesla, and other EV manufacturers are reliant on other companies as well. For example, EVs need charging stations, which a company named ABB is involved in manufacturing. They also need batteries, which LG Chemical is involved in the manufacture of... and those batteries, well they need lithium, which Albemarle produces.

[With the pyramid graphic still faded in the middle, the ETF graphic on the left of the frame fades as well. On the right side of the frame, a line pointing to the right, another ETF builds in. Below are two sub-heads and a checkmark icon. Each bucket of copy has bullet points listing the types of companies this ETF employs.]

On-screen copy:
<u>ICLN: Expense Ratio: 0.42%</u>
iShares Global Clean Energy ETF

<u>Clean Energy Producers</u>
Biomass & Biofuel
Ethanol & Fuel Alcohol
Geothermal
Hydro-electricity
Solar
Wind

<u>Clean Energy Tech & Equipment</u>
Biomass & Biofuel
Fuel Cells
Hydro-electric turbines
Photo voltaic cells
Wind

Voiceover audio:
We employ a similar approach with our clean energy ETF, ICLN, which finds companies that build the equipment needed to generate clean energy, and not just clean energy providers.

[All 3 graphics come back into view on frame.]

On-screen disclosures:
BlackRock as 12/31/21. Specific companies or issuers are mentioned for educational purposes only and should not be deemed as a recommendation to buy or sell any securities. For top ten holdings on the iShares funds, please see the end of this presentation. Holdings are subject to change.

Frame 20:

[Video transitions to new frame as voiceover audio continues. A table on the right side of the frame depicts the key takeaways from this video. iShares by BlackRock logo appears underneath the table.]

On-screen copy:
In Summary

<u>Index investing</u>
Index methodology: recipe for which exposures are included
Thousands of recipes: Across size, attribute, type, themes, and more (IVV, DGRO, AGG, ICLN)

<u>Why ETFs</u>
Diversification
Low Cost
Tax efficient

Voiceover audio:
So to recap what we talked about today, “indexing” is a style of investing. Instead of picking individual stocks to own and deciding when to buy or sell them, investors can invest directly in an index product like an ETF that does the work for them. ETFs provide competitive performance at a fraction of the cost of many other investment options, and are more tax efficient than traditional mutual funds.

An investor can get exposure to potentially hundreds of securities in an index with the purchase of just one index ETF. And indexing has evolved so that investors can find an ETF for not just a particular exposure, but also a more specific objective or trend. For these reasons, index ETFs have revolutionized how investors access markets build portfolios, and achieve their investment goals.

Thanks for watching.

On-screen disclosures:
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.

Frame 21:

[Video transitions to new frame as background music begins and voiceover audio continues. A table depicting the differences between ETFs and traditional mutual funds appears in the frame.]

On-screen copy:
ETFs and traditional mutual funds: know the differences

Criteria	**Mutual funds**	**ETFs**
Management	Active	Passive
Performance goal	Outperform a benchmark and/or deliver an outcome	Track a benchmark
Buying / selling shares	Once per day via fund company	Intraday on exchanges
Price to buy / sell	End-of-day NAV, less fees	Current market price, which may differ from NAV
Fees	Expense ratio + any sales loads / redemption fees	Expense ratio + transaction / brokerage costs
Tax impact of buyers / sellers	Shareholders may be impacted by all other shareholders’ actions	Shareholders only impacted by their own action
Holdings disclosure	Typically quarterly	Daily
Benefits	Opportunity to outperform the index; Potential to limiting the downside; Buy/sell decisions based on research	Exposure to market index; Generally lower feeds; Typically more tax-efficient
Trade-offs	Potential to underperform index; Generally higher fees; Typically less tax-efficient	Does not seek to outperform index; Participate in all of index downside; Buy/sell decisions based on index, not research

Voiceover audio:
Visit iShares.com to view a prospectus,

Frame 22:

[Video transitions to new frame as background music begins and voiceover audio continues. A table depicting the Top 10 Constituents appears in the frame.]

On-screen copy:
Top 10 Constituents

IVV	Weight (%)	IJH	Weight (%)	IJR	Weight (%)	AGG	Weight (%)	HYG	Weight (%)
Apple Inc	7.02	Targa Resources Corp	0.76	Blk Csh Fnd Treasury Sl Agency	1.57	United States Treasury	39.85	Ford Moto Credit Company LLC	2.45
Microsoft Corp	6.02	Alcoa Corp	0.72	Southwestern Energy	0.81	Federal National Mortgage Association	12.45	Cco Holdings LLC	2.18
Amazon Com Inc	3.72	Steel Dynamics Inc	0.69	Independence Realty Inc Trust	0.59	Government National Mortgage Association II	5.61	Bausch Health Companies Inc	1.42
Tesla Inc	2.36	Cleveland Cliffs Inc	0.66	Omnicell Inc.	0.56	Federal Home Loan Mortgage Corporation	4.91	Centene Corporation	1.37
Alphabet Inc Class A	2.19	Wolfspeed Inc	0.60	Exponent Inc.	0.55	Uniform MBS	3.93	Occidental Petroleum Corporation	1.34
Alphabet Inc Class C	2.03	Cognex Corp	0.59	Innovative Industrial Properties I	0.51	Federal Home Loan Mortgage Corporate – Gold	0.76	Tenet Healthcare Corporation	1.33
Nvidia Corp	1.73	Darling Ingredients Inc	0.58	Rogers Corp	0.50	Bank Of America Corp	0.68	CSC Holdings LLC	1.21
Berkshire Hathaway Inc Class B	1.67	Carlisle Companies Inc	0.56	SM Energy	0.49	JPMorgan Chase & Co	0.61	CHS/ Community Health Systems Inc	1.10
Met Platforms Inc. Class A	1.35	Medical Properties Trust Reit Inc	0.55	AMN Healthcare Inc	0.49	The Goldman Sachs Group Inc	0.43	HCA Inc	1.08
United Health Group	1.25	First Horizon Corp	0.54	Ensign Group Inc	0.49	Morgan Stanley	0.42	Transdigm Inc	1.07

DGRO	Weight (%)	HDV	Weight (%)	IDRV	Weight (%)	ICLN	Weight (%)
Microsoft Corp	3.08	Exxon Mobil Corp	7.39	Tesla Inc	5.13	Enphase Energy Inc	9.28
Apple Inc	2.91	Abbvie Inc	6.80	Apple Inc	5.12	Vestas Wind Systems	8.07
Johnson & Johnson	2.78	JPMorgan Chase & Co	5.92	Alphabet Inc Class A	4.70	Consolidated Edison Inc	6.32
Pfizer Inc	2.72	Johnson & Johnson	5.80	Toyota Motor Corp	4.67	Orsted	5.87
JPMorgan Chase & Co.	2.70	Chevron Corp	5.34	Intel Corporation Corp	4.65	Solaredge Technologies Inc	5.66
Procter & Gamble	2.52	Verizon Communications Inc	5.14	Samsung Electronics Ltd	4.23	Plug Power Inc	4.91
Merck & Co Inc	2.15	Procter & Gamble	4.34	Nvidia Corp	4.14	SSE Plc	3.76
Broadcom Inc	2.03	Philip Morris International Inc	3.97	Qualcomm Inc	3.97	Edp Energias De Portugal Sa	3.56
Coca-Cola	2.00	Merck & Co Inc	3.70	Ford Motor Co	3.55	Iberdrola Sa	3.50
Home Depot Inc	1.90	Broadcom Inc	3.50	Mercedes-Benz Group	3.34	First Solar Inc	2.70

Voiceover audio:
which includes investment objectives, risks, fees, expenses and other information that you should read and consider carefully before investing. Investing involves risk, including possible loss of principal.

On-screen disclosures:
BlackRock as of 04.01.22. Constituents subject to change.

Frame 23-25:

[Video transitions to new frame as background music continues]

On-screen copy:
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.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. An investment in the Funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency and its return and yield will fluctuate with market conditions. There is no guarantee that dividends will be paid.

When comparing stocks or bonds and ETFs, it should be remembered that management fees associated with ETFs are not borne by investors in individual stocks or bonds. The annual management fees of ETFs may be substantially less than those of most mutual funds. Buying and selling shares of ETFs will result in brokerage commissions.

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