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iShares
by BlackRock

ETF GUIDEBOOK: WHAT YOU NEED TO KNOW ABOUT ETFs AND WHY

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Agenda

What is an ETF?

What are the potential benefits of ETFs?

How to evaluate an ETF?

What is an ETF?

What is an ETF?

ETFs are low-cost, diversified tools that can provide investors with exposure to various asset classes

Like a stock, an ETF can be bought and sold whenever the market is open

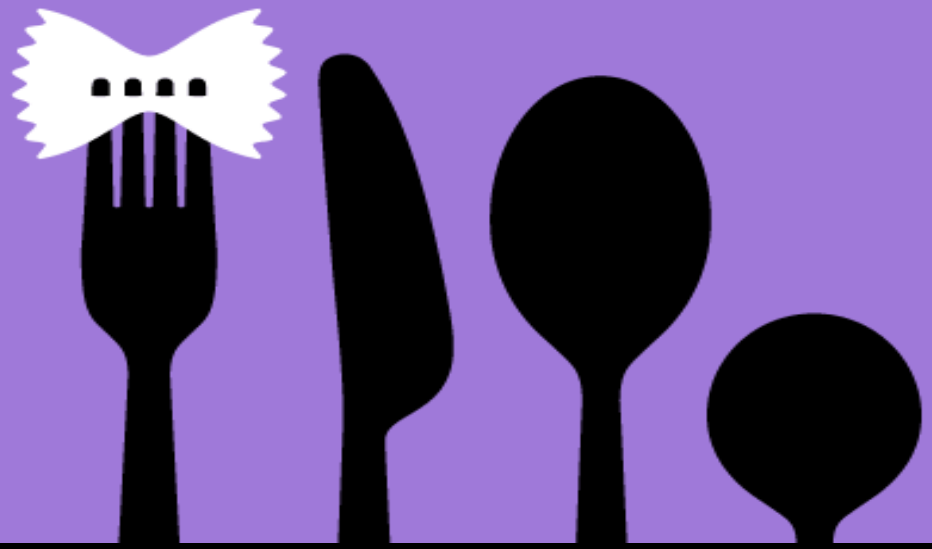
Like a mutual fund, an ETF is a professionally managed, diversified portfolio

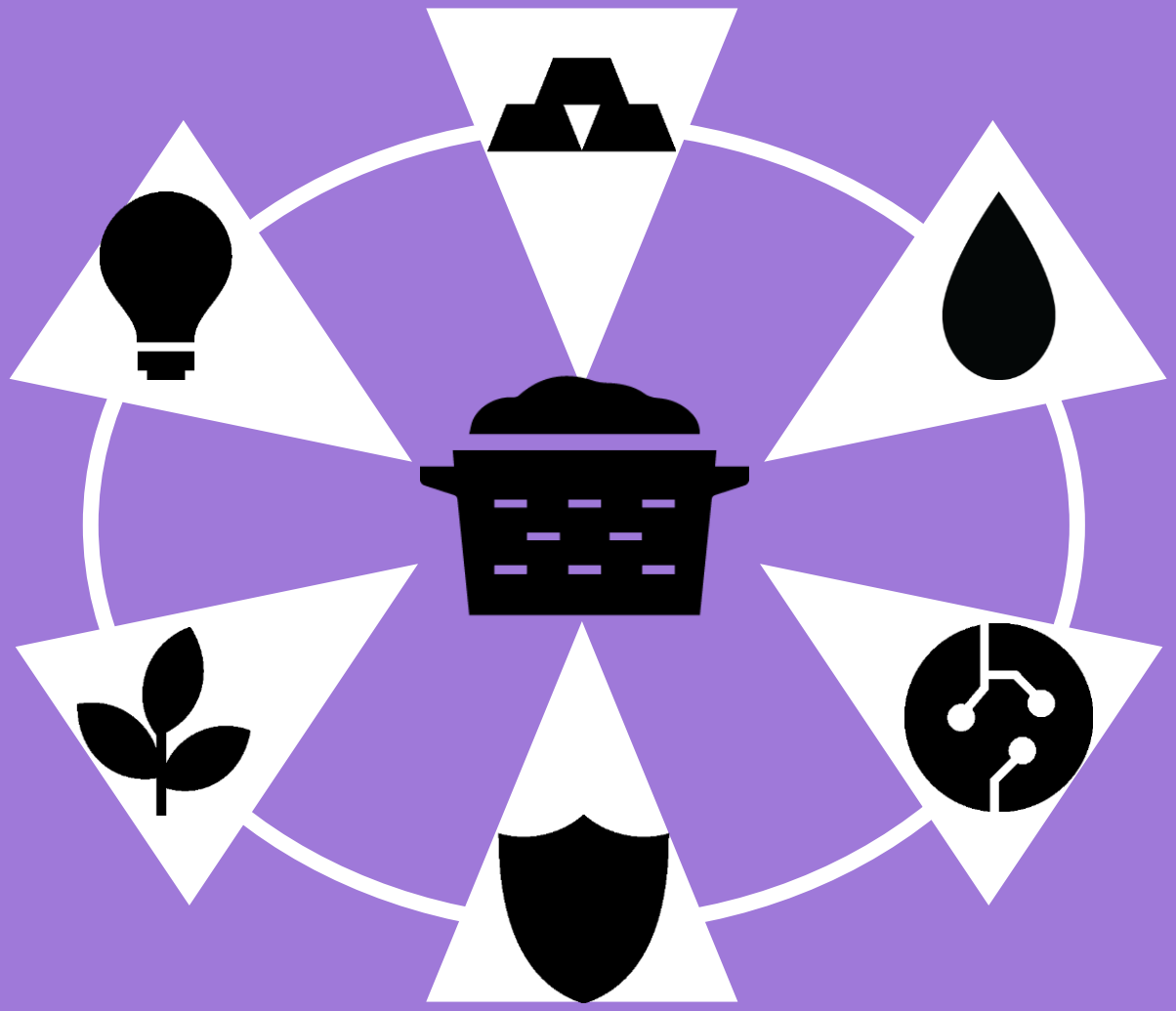
Transactions in shares of ETFs may result in brokerage commissions and will generate tax consequences. For more information on the differences between ETFs and Mutual funds, please see the end of this presentation.

What is an index?

An index's methodology is like a recipe

- ✓ What securities should be included?
- ✓ What securities should be excluded?
- ✓ How much of each security should we add?





Well-known, and not-so well-known indexes

Indexes you may know...

S&P 500
U.S. large cap stocks

IVV
Exp ratio:
0.03%

iShares Core
S&P 500 ETF

Russell 2000
U.S. small cap stocks

IWM
Exp ratio:
0.19%

iShares Russell
2000 ETF

Indexes you might not...

MSCI EAFE Index
Developed market stocks

IEFA
Exp ratio:
0.07%

iShares Core
MSCI EAFE ETF

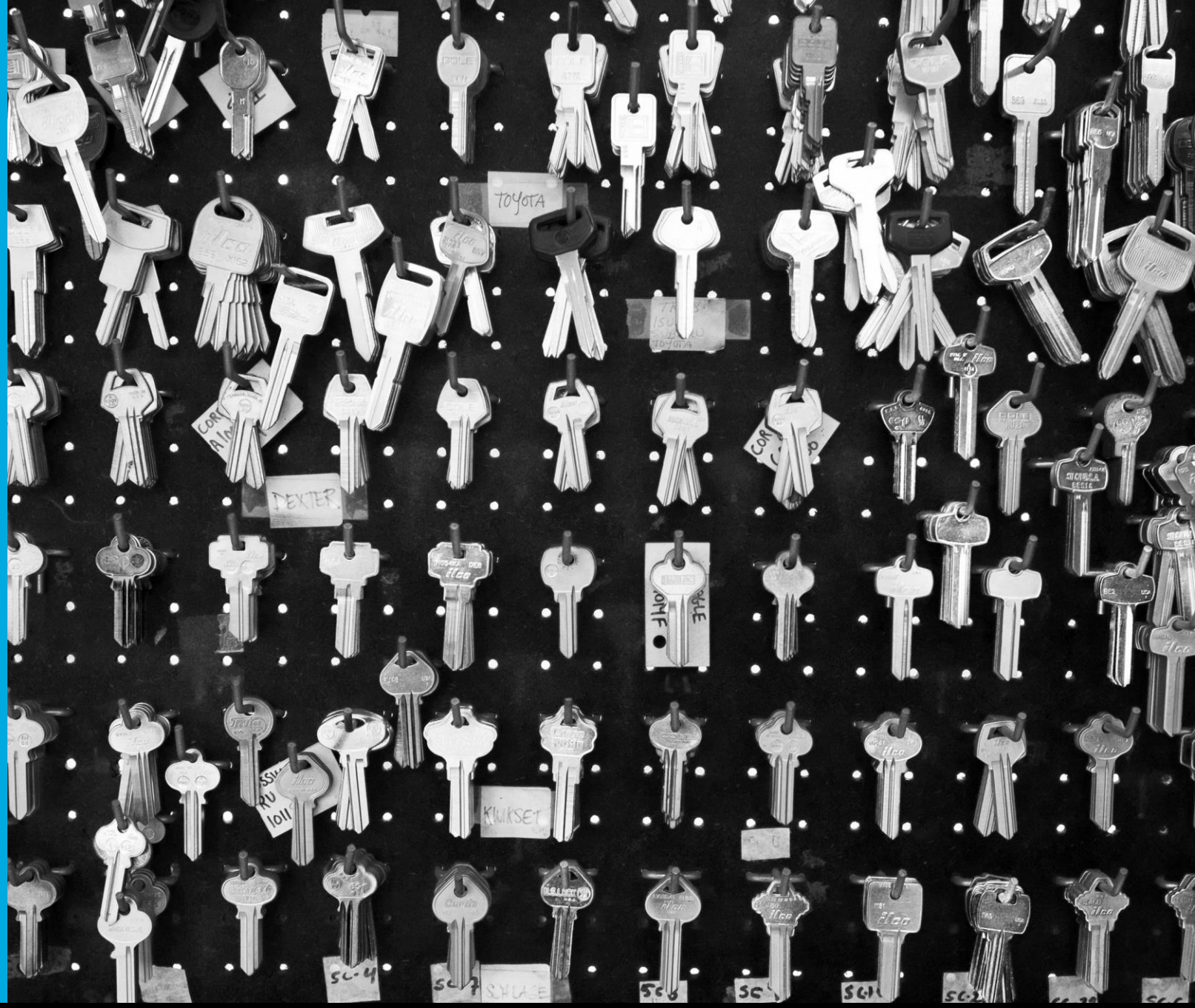
Bloomberg U.S. Universal Index
U.S. investment grade and high yield bonds

IUSB
Exp ratio:
0.07/0.06%*
(gross/net)

iShares Core
Total USD Bond
Market ETF

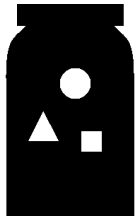
For illustrative purposes only. *BlackRock Fund Advisors, the investment adviser to the Funds and an affiliate of BlackRock Investments, LLC, has contractually agreed to waive a portion of its management fees through the following dates: IUSB: 02/29/2024.

What are the potential benefits of ETFs?



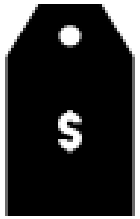
The benefits of ETFs

DIVERSIFICATION



ETFs can hold hundreds of securities within a single fund to help diversify your portfolio

LOW COST



ETFs can keep fees lower than other diversified strategies because they seek to track indexes, helping to reduce costs

TAX EFFICIENT

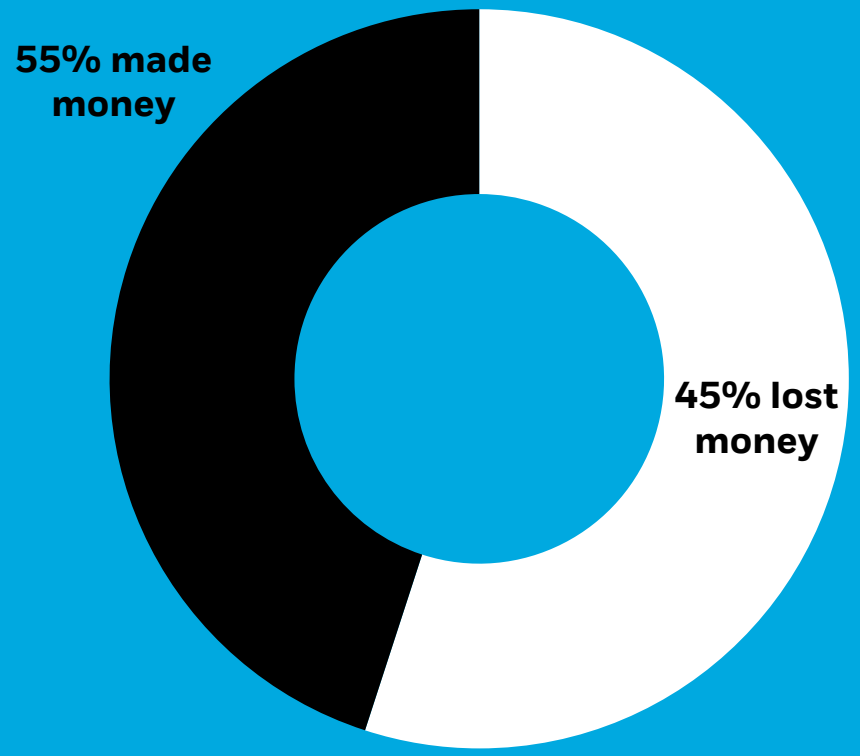
Because of their strategy and structure, ETFs can generally help reduce tax consequences as compared to mutual funds

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

Diversification: Help minimize investment risk

The U.S. stock market has risen 51% over the last 5 years[1]

Individual U.S. stocks[2]

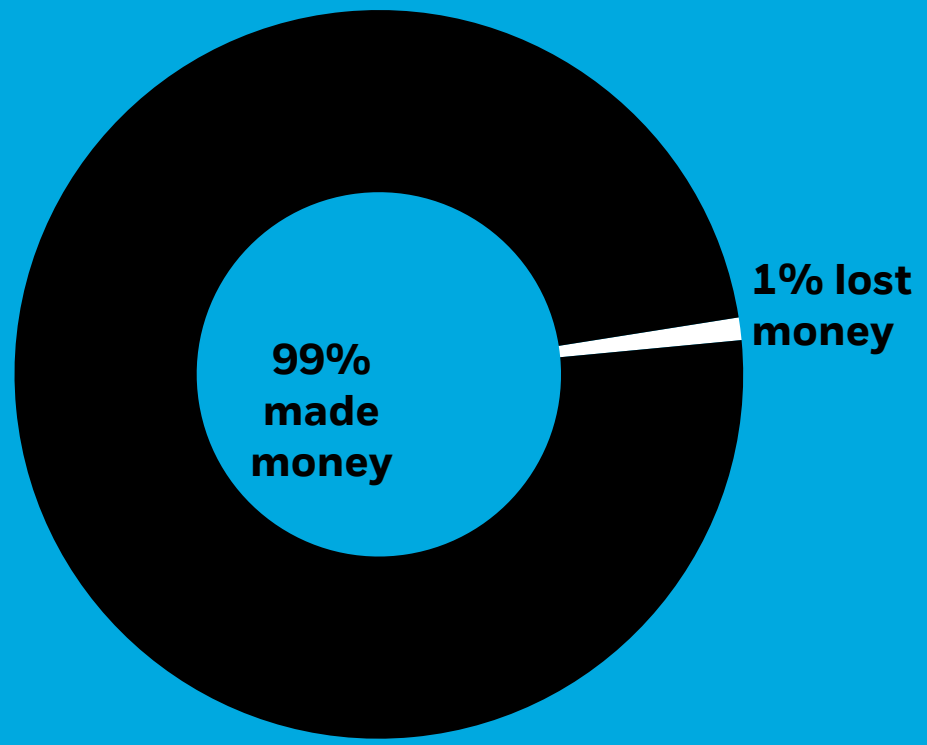


Among stocks that fell, the average loss was 53%[4]

% Losers

% Winners

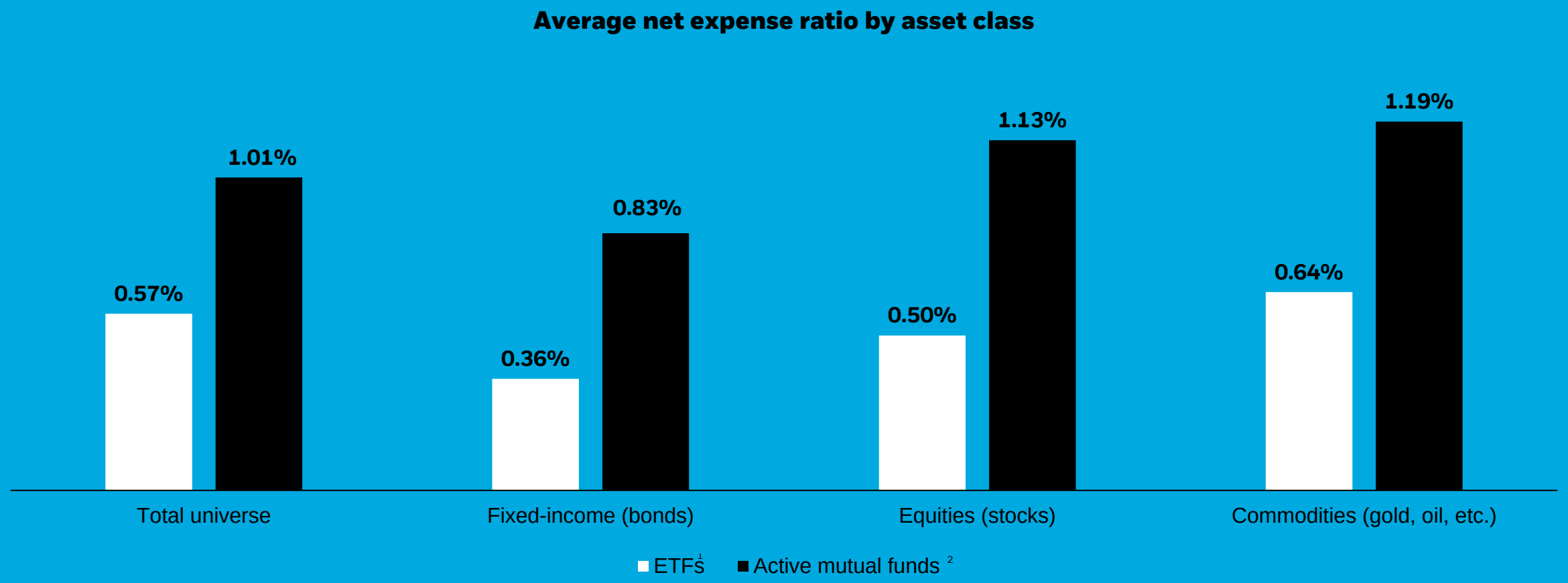
U.S. mutual funds and ETFs[3]



1. Source: Morningstar as of 12/31/2022. U.S. stock market represented by the S&P US Total Market Index using cumulative total return which assumes the reinvestment of dividends. 2. Source: Morningstar as of 12/31/2022. Individual U.S. Stocks are all stocks in the S&P US Total Market Index using cumulative total return which assumes the reinvestment of dividends. Analysis does not include obsolete stocks as defined by Morningstar. 3. Source: Morningstar as of 12/31/2022. U.S. Mutual Funds and ETFs are all funds in the Morningstar US Equity Category, oldest share class only. 4. Source: Morningstar as of 12/31/2022. Stocks represented by the S&P US Total Market Index. Analysis does not include obsolete mutual funds or ETFs as defined by Morningstar. **Past performance does not guarantee or indicate future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.**

Keeping costs low may be one way to pursue your goals

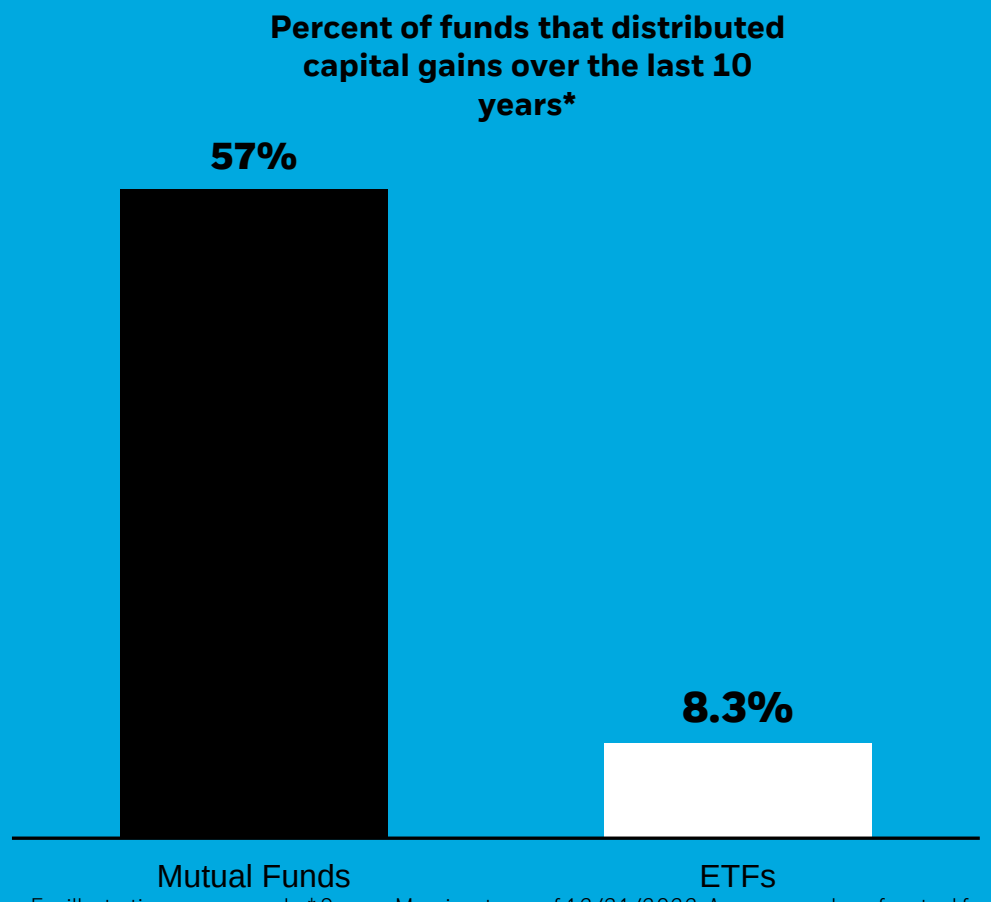
Average net expense ratio by asset class



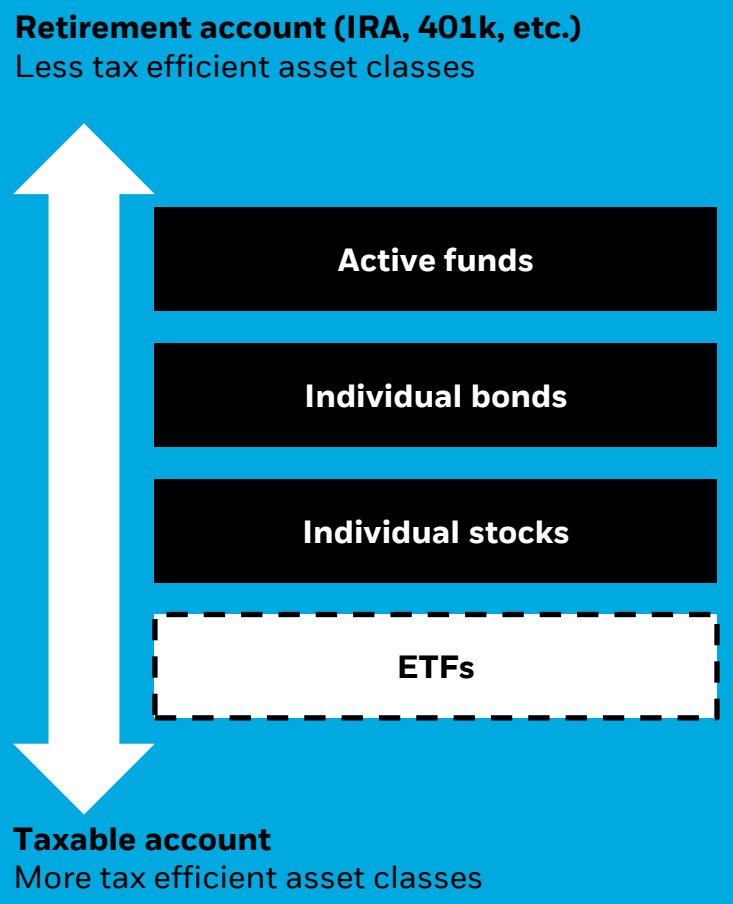
Source: Morningstar (as of 03/31/2023). Subject to change. Net expense calculated using prospectus net expense ratio data, as reported by Morningstar. 1 Exchange-traded fund (ETF) universe is sized by Morningstar and includes all primary shares classes of U.S. domiciled ETF funds. Category breakdowns, such as equities, fixed-income, and commodities, are based on Morningstar's global broad category groups. "Total universe" contains all the underlying products across Morningstar's global broad category groups that meet the abovementioned qualifications. 2 Mutual fund universe is sized by Morningstar and includes all U.S. domiciled mutual funds, excluding index funds. Category breakdowns, such as equities, fixed-income, and commodities, are based on Morningstar's global broad category groups. "Total universe" contains all the underlying products across Morningstar's global broad category groups that meet the abovementioned qualifications.

Tax efficiency: Helping you keep more of what you earn

ETFs' relative tax efficiency...



... potentially makes them well-suited for taxable accounts



For illustrative purposes only. * Source: Morningstar as of 12/31/2022. Average number of mutual funds that paid a capital gain distribution each year over 10 years compared to exchange traded fund. Universe includes all funds incepted before 10/31 in each year and excludes funds that closed before 10/31 in each year. Universe of mutual funds includes all U.S. open ended mutual funds, oldest share class used. Past distributions are not indicative of future distributions. Due to fund structure, mutual fund holders may be subject to taxable capital gains distributions due to other investors' redemptions directly to the mutual fund. Taxable capital gain distributions can occur to ETF investors based on stocks trading within the fund as the ETF creates and redeems shares and rebalances its holdings. ETFs and stocks may also generate taxable capital gains when an investor sells their own shares. Certain traditional mutual funds can also be tax efficient.

How to evaluate an ETF?

Some considerations that may help you evaluate ETFs

1.

INVESTMENT OBJECTIVE

What goals are you looking to accomplish?

2.

ETF EXPOSURE

What are the fund's holdings?

3.

COSTS

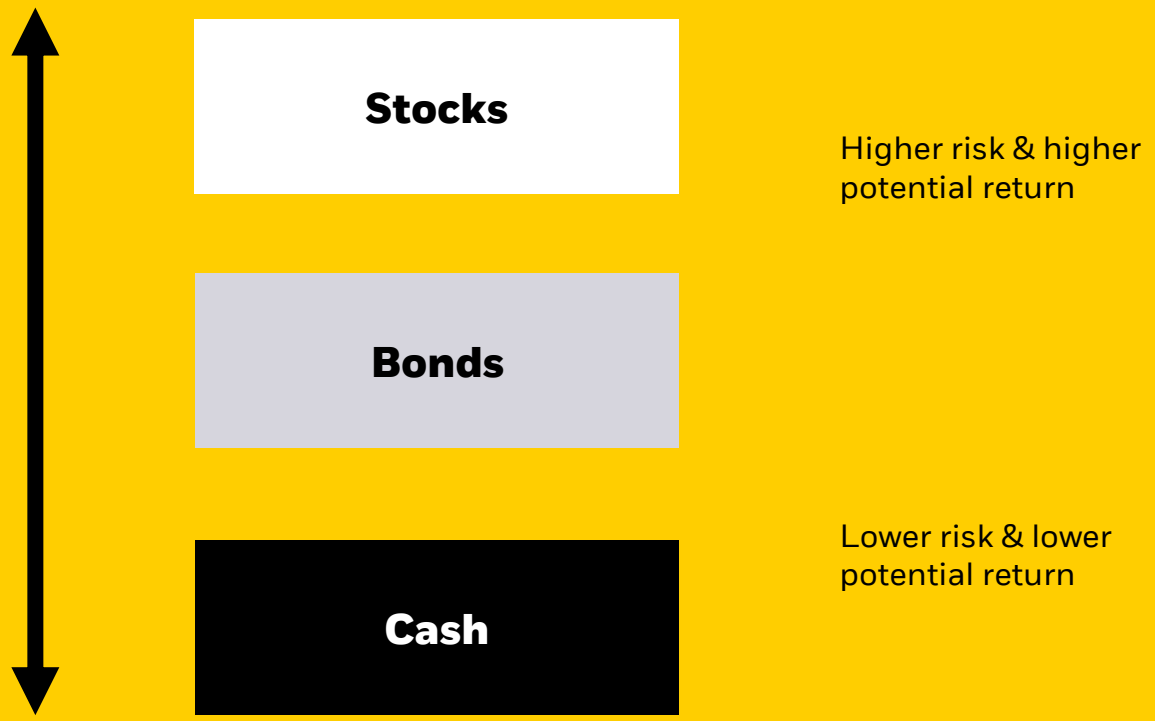
How much are you paying in total?

Did you know?

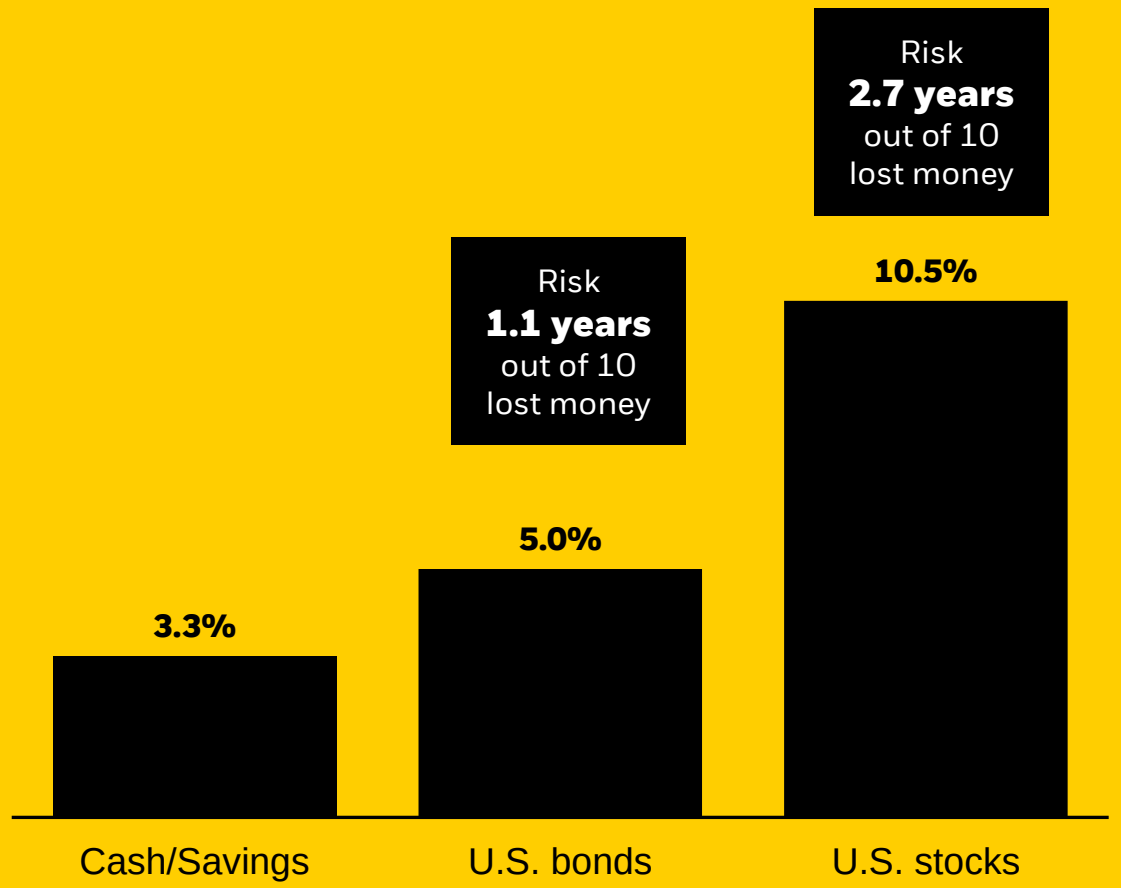
While an ETF's **past performance** provides insight into a fund's track record, it does not **guarantee the fund's future results.**

What do you hope to achieve with your investments?

Investment spectrum



Balancing risk and reward



Source: Morningstar, BlackRock. Stocks are represented by the S&P 500 index from 3/4/57 to 12/31/22 and the IA SBBI U.S. large stock index from 1/1/26 and 3/4/57. U.S. bonds are represented by the Bloomberg U.S. Agg Bond TR index from 1/3/89 to 12/31/22 and the IA SBBI U.S. Gov IT index from 1/1/26 to 1/3/89. Cash/Savings are represented by the IA SBBI US 30 Day TBill TR Index from 1/1/26 to 12/31/22. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in an index.

Exposure: What's inside the fund?

Key attributes to consider

For stock ETFs:

Size
(large cap, mid cap,
small cap)

Sector

Country exposure

	Value	Core	Growth
Large		IVV 0.03%	
Mid		IJH 0.05%	
Small		IJR 0.07%	

For bond ETFs:

Credit quality
(investment grade,
high yield)

Issuer type
(Government, corporate, etc.)

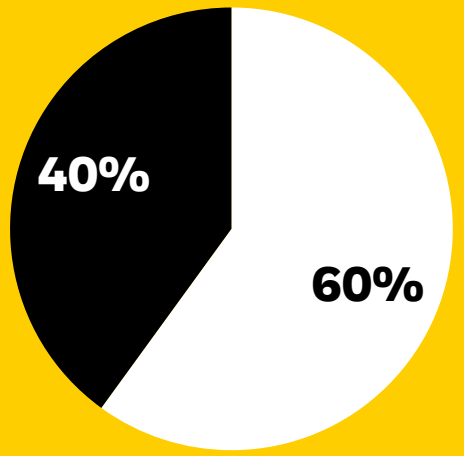
Average maturity
(interest rate sensitivity)

Did you know?
IVV, IJH, and IJR have **0% overlap**

Putting your plan into action

Hypothetical ways for an investor seeking moderate growth

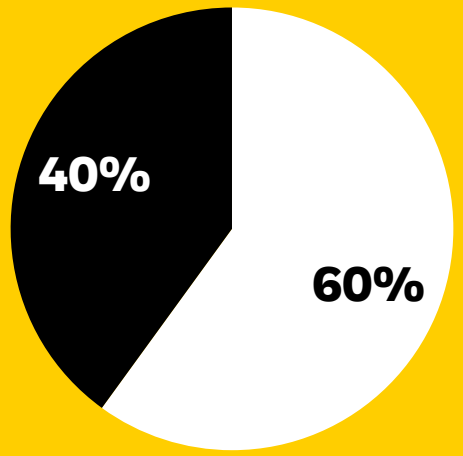
DIY



Stocks — **ITOT** Exp ratio: 0.03%

Bonds — **IUSB*** Exp ratio: 0.07/0.06% (gross/net)

All-in-one



Key
- Stocks
- Bonds

AOR* Exp ratio: 0.20/0.15% (gross/net)

iShares Core Growth Allocation ETF

Seek support

Reach out to a representative at your local Fidelity branch

For illustrative purposes only. *BlackRock Fund Advisors, the investment adviser to the Funds and an affiliate of BlackRock Investments, LLC, has contractually agreed to waive a portion of its management fees through the following dates: IUSB: 02/29/2024; AOR: 11/30/2026.

In summary

The potential benefits of ETFs

Diversification	Low cost	Tax efficiency

ETF evaluation

Your objectives	ETF exposure	Total costs

Examples of ETFs

IVV	IUSB	AOR
Exp ratio: 0.03%	Exp ratio: 0.07/0.06%* (gross/net)	Exp ratio: 0.47%
iShares Core S&P 500 ETF	iShares Core Total USD Bond Market ETF	iShares Core Growth Allocation ETF

*BlackRock Fund Advisors, the investment adviser to the Funds and an affiliate of BlackRock Investments, LLC, has contractually agreed to waive a portion of its management fees through the following dates: IUSB: 06/30/2026. Gross expense ratio is 0.07%.

APPENDIX

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 fees • 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

ETF FAQs

1. What is an ETF?

ETF stands for exchange-traded-find and it is an investment product that combines the benefits of mutual funds and individual stocks. An ETF is similar to a mutual fund in that it can be a basket of hundreds, sometimes thousands, of stocks, bonds, and other types of assets. But unlike a mutual fund and similar to individual stocks, an ETF can bought or sold during any point during the trading day.

2. What types of ETFs are available and how do they differ?

Broadly, ETFs can be categorized according to their investment strategy, which can be index-tracking, meaning the ETF is looking to replicate the performance of some financial benchmark, such as the S&P 500, or active, meaning the ETF is looking to outperform an index.

ETFs can also differ by the asset classes they offer exposure to. There are ETFs, for instance, that offer exposure to stocks, bonds, real estate, and commodities (and sometimes all of these assets in one fund).

3. How much does it cost to invest in an ETF?

At Fidelity, you can buy or sell ETFs for no fee.

An ETF's internal cost is represented by what is called an expense ratio, which is typically shown as a percentage. For instance, the expense ratio of the iShares Core S&P 500 ETF (IVV) is 0.03%, which means that for every $100 invested in the ETF, your cost would be $0.03.

4. Do ETFs distribute dividends?

Yes, ETFs may distribute dividends generated from the assets that the ETF is invested in. There are even ETFs that focus on providing precise exposure to income-generating assets, such as dividend-paying stocks and bonds.

5. Can you hold ETFs in retirement accounts?

Yes. ETFs can be held in traditional brokerage accounts and retirement accounts, including Traditional and Roth IRAs.

Important notes

Carefully consider the iShares 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.

Diversification and asset allocation may not protect against market risk or loss of principal.

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.

Transactions in shares of ETFs will result in brokerage commissions and will generate tax consequences. All regulated investment companies are obliged to distribute portfolio gains to shareholders. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

Certain traditional mutual funds can also be tax efficient.

An investment in the Fund 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.

An investment in fixed income funds is not equivalent to and involves risks not associated with an investment in cash.

There is no guarantee that any fund will pay dividends.

Important notes continued

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 than the general securities market.

Actively managed funds do not seek to replicate the performance of a specified index. Actively managed funds may have higher portfolio turnover than index funds.

Investment in a fund of funds is subject to the risks and expenses of the underlying funds.

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