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**iShares**<sup>®</sup>  
by BlackRock

# SEEKING INCOME HOW CAN ETFs HELP?

# Together we'll cover...



Today's  
income  
challenges



The income  
investor's  
toolkit



How ETFs  
can help

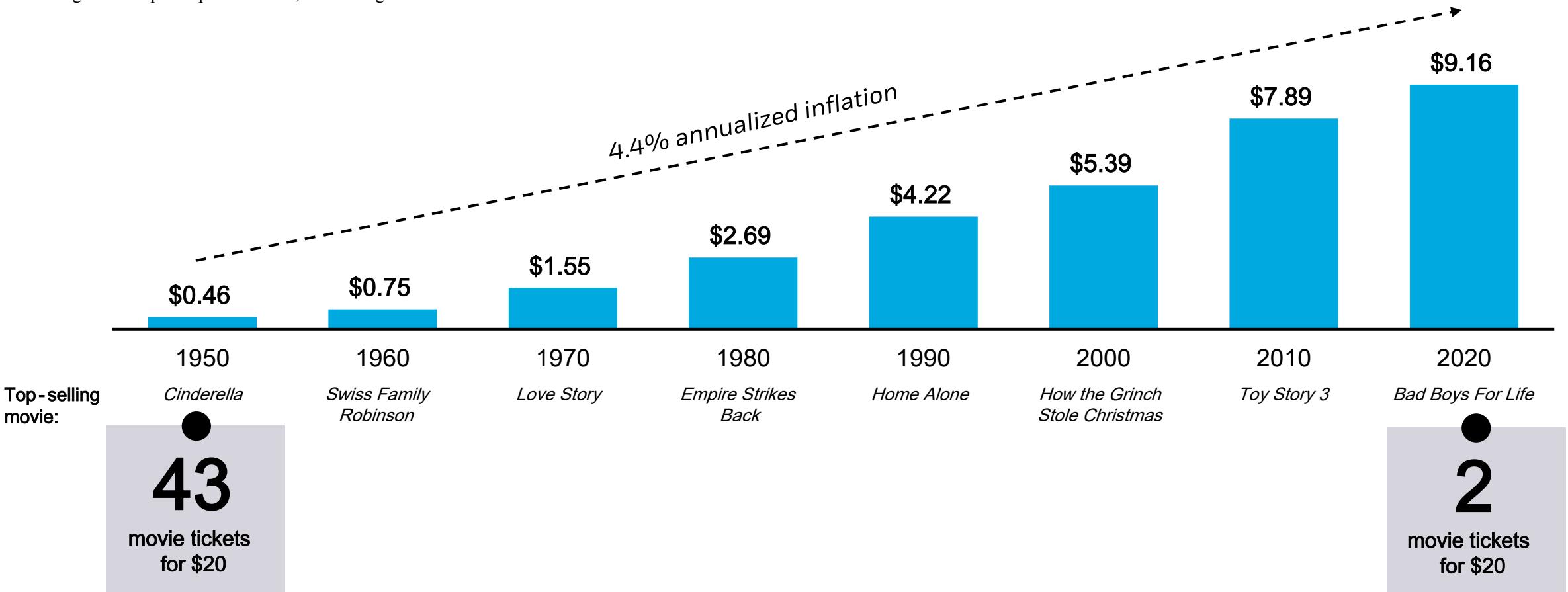
# TODAY'S INCOME CHALLENGES



# Inflation: More money to buy the same stuff

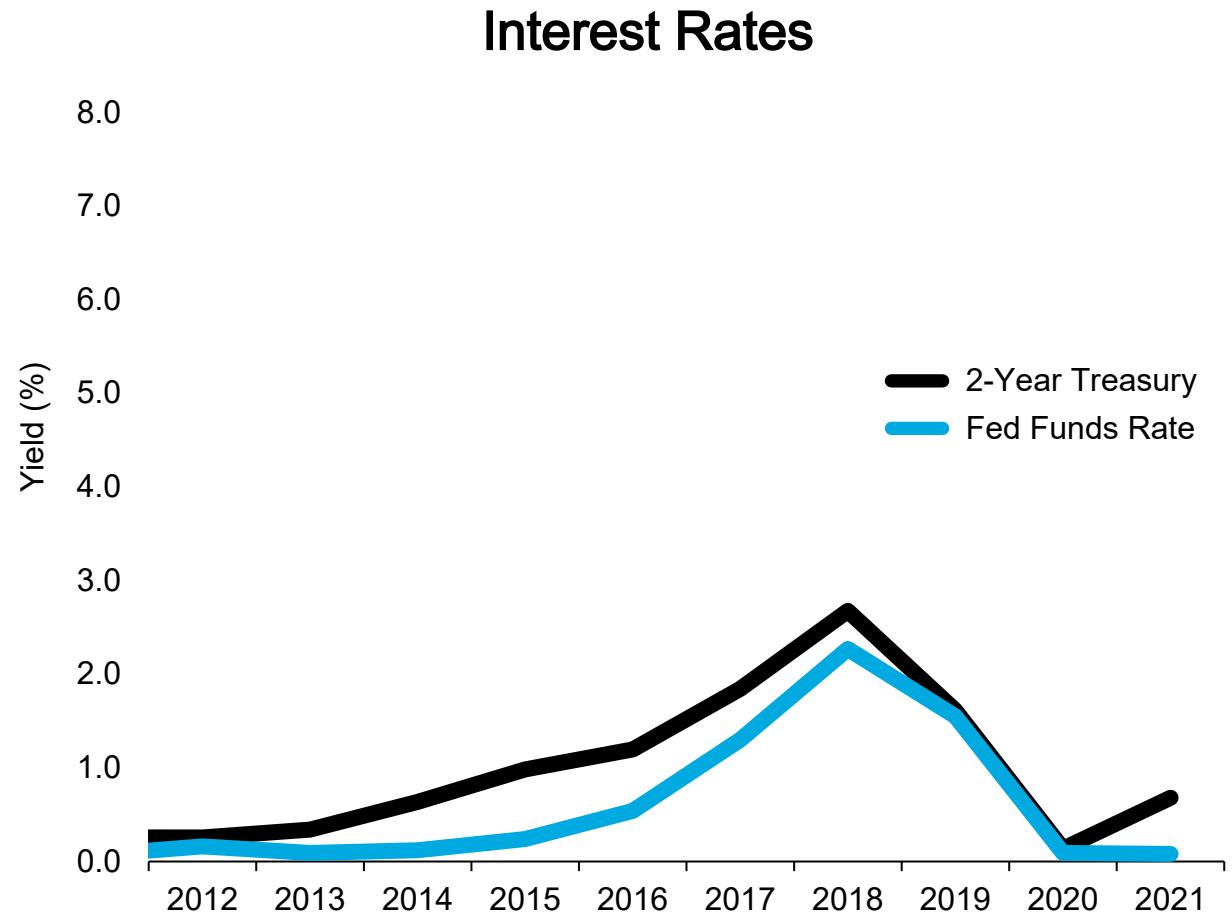
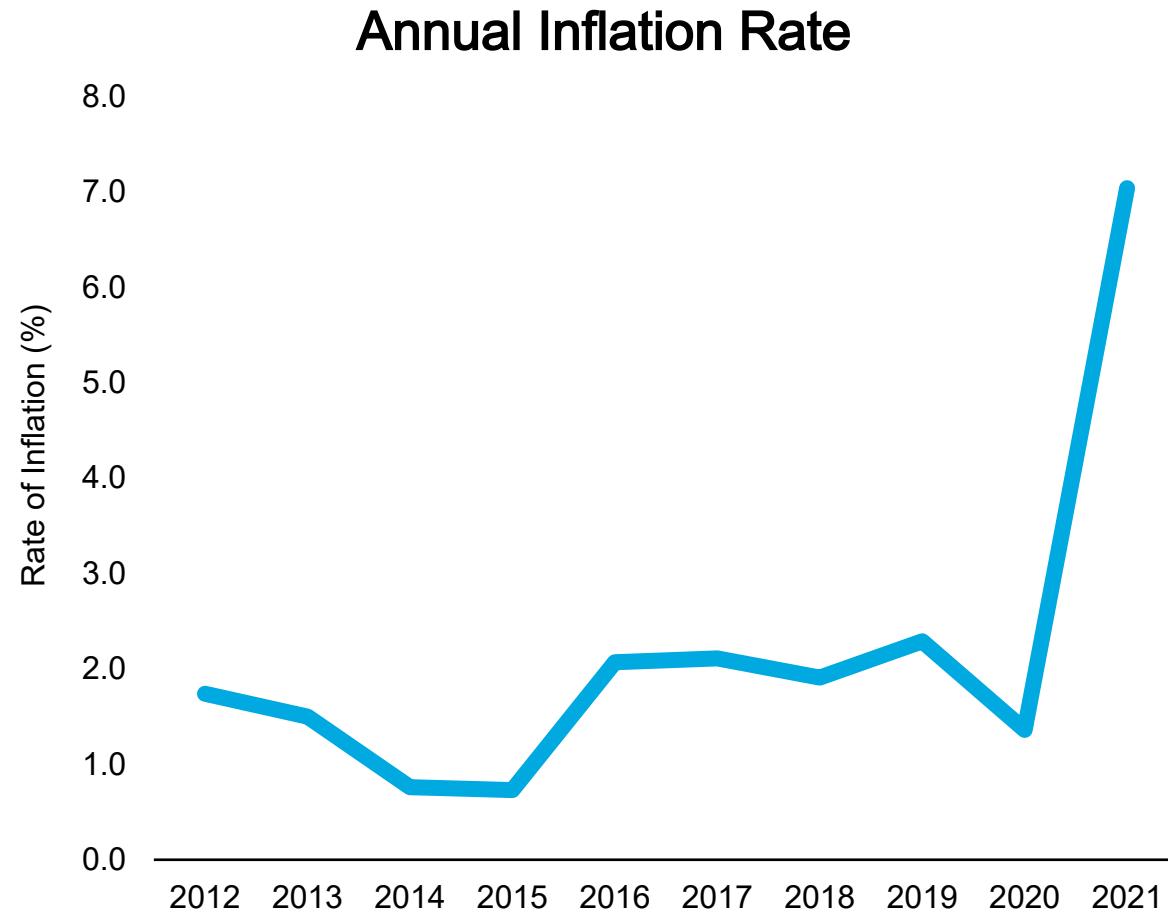
## Average admission price to movie theaters over the years

Average ticket price per decade, including all theaters and show times



Source: Statista.com and USA Today as of 12/31/21. Annualized inflation calculated by BlackRock.

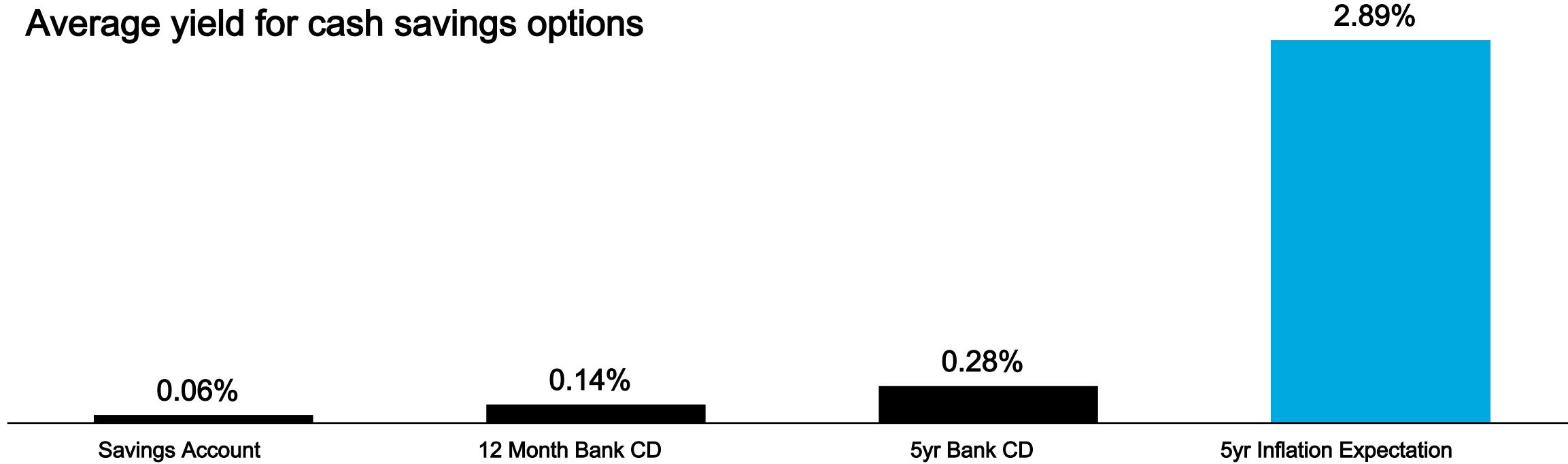
While inflation has been rising, interest rates have remained low



Source: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, Morningstar 12/31/2021. Inflation based on CPI.

# So, cash isn't working as hard as it needs to

## Average yield for cash savings options



Sources: FDIC as of 2/22/22. "Savings Account", "12 Month Bank CD", "5 Year Bank CD" figures are national averages per category. The "5 year inflation expectation" is from St. Louis Federal Reserve Bank as of 2/22/22.

There are material differences between Savings accounts, CD's and ETFs, including investment objectives, risks, fees, and expenses. CDs are fixed income investments that generally pay a set rate of interest over a fixed time period until your CD reaches maturity, whereupon the principal is returned plus any interest earned. Early withdrawal from CDs may result in early withdrawal fees. Most savings accounts pay compound interest, meaning your earnings are added to your balance to create a larger base on which future interest is paid. Most savings accounts allow you to withdraw money at any time without incurring a fee. Both Savings accounts and CDs principal investments are insured by the FDIC up to applicable FDIC limits, while ETFs are not FDIC insured and may lose value. Most ETFs seek to track a market index, before fees and expenses. ETFs trade on exchanges, which may be greater or less than net asset value. Transactions in shares of ETFs may result in brokerage commissions and may generate tax consequences. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

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# Despite low yields, bonds can play an important role

	S&P 500 (% Returns)	10-Year U.S. Treasury Bond (% Returns)
Tech Sell -off (5/23/2000 to 10/9/2002)	-41.6	40.2
Global Financial Crisis (10/9/2007 to 3/9/2009)	-55.3	21.4
US Downgrade (4/29/2011 to 10/3/2011)	-18.6	15.4
Q4 2018 Sell -off (9/20/2018 to 12/24/2018)	-19.4	3.7
COVID-19 Sell -off (2/19/2020 to 3/23/2020)	-33.8	7.8

## Did you know?

High quality bonds historically performed well during periods of equity market volatility

Source: Morningstar. Sell-Offs represent all drawdowns of at least 15% that the S&P 500 experienced over the last 20 years ending 12/31/2021. 10-Year U.S. Treasury Bond represented by US Treasuries T-Bill Constant Maturity Rate 10 Year 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. Diversification may not protect against market risk or loss of principal.

# THE INCOME INVESTOR'S TOOLKIT



# Common sources of portfolio income

## Investment spectrum

Lower risk &  
lower potential  
return



Higher risk  
& higher  
potential  
return



**Dividend  
Stocks**

**Bonds**

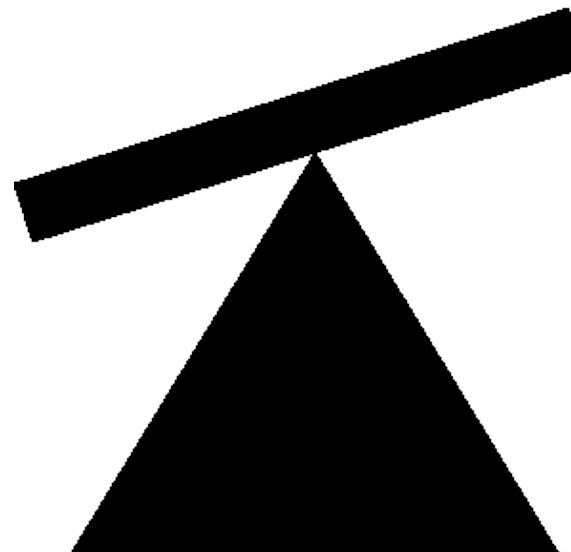
**Cash**  
(Savings account, Bank CDs)

Source: BlackRock. For illustrative purposes only.

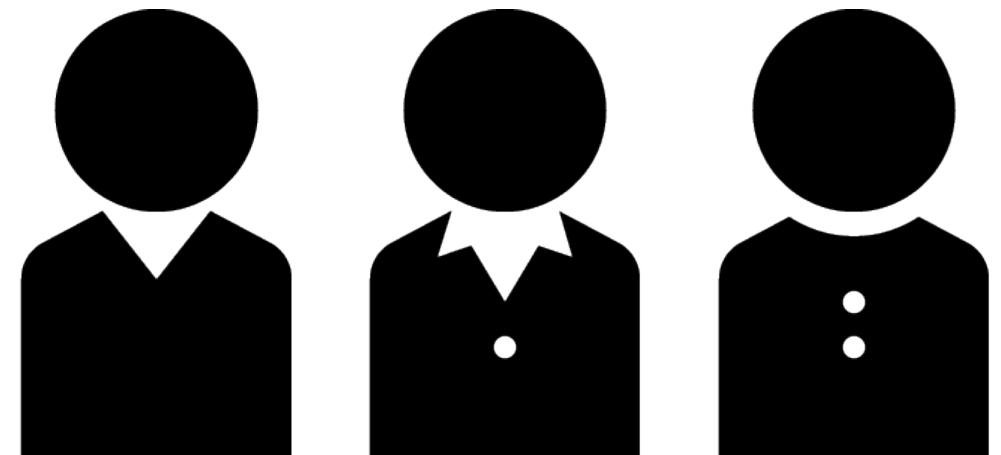
# Bonds with higher yields are generally riskier

Two key risks to fixed income investing

## Interest Rate Risk



## Credit Risk



A

B

C

# Bond ratings

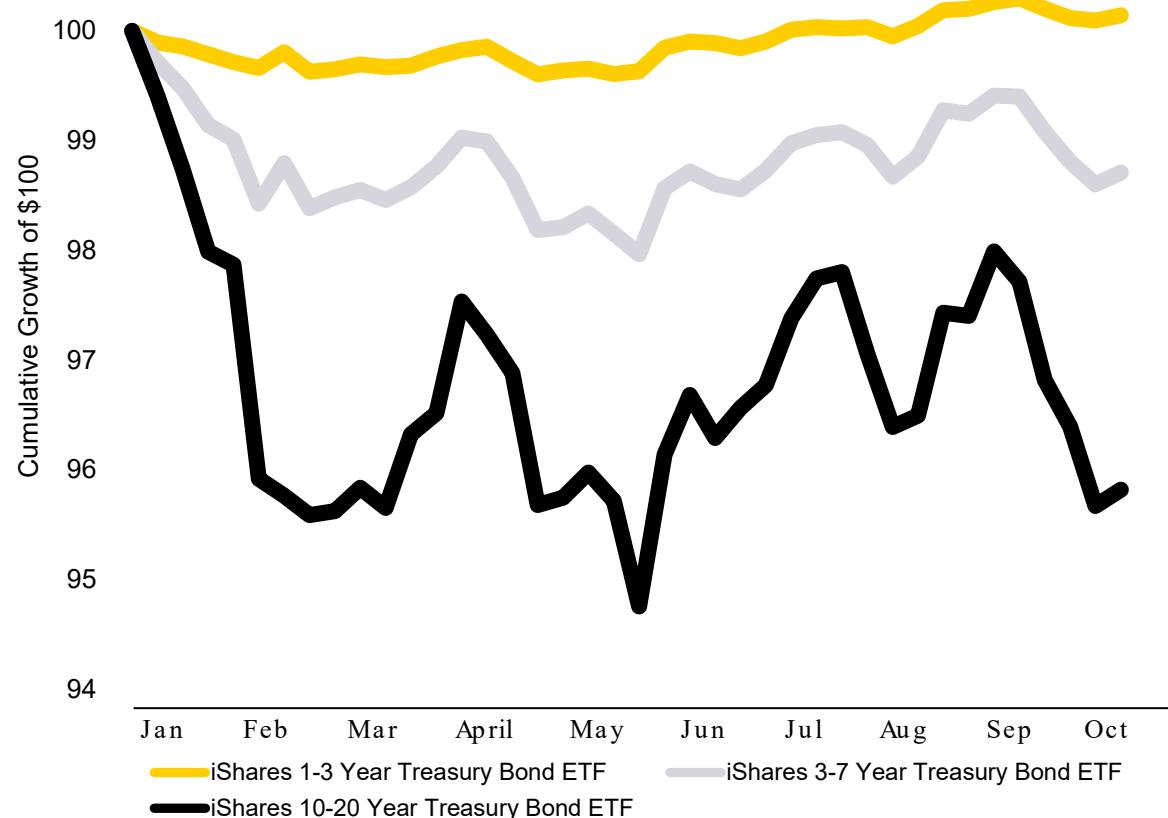
Investment Grade	Standard & Poor's
	AAA
	AA+
	AA
	AA-
	A+
	A
	A-
	BBB+
	BBB
	BBB-

Non-investment grade	Standard & Poor's
	BB+
	BB
	BB-
	B+
	B
	B-
	CCC+
	CCC
	CCC-
	CC
	C
	D

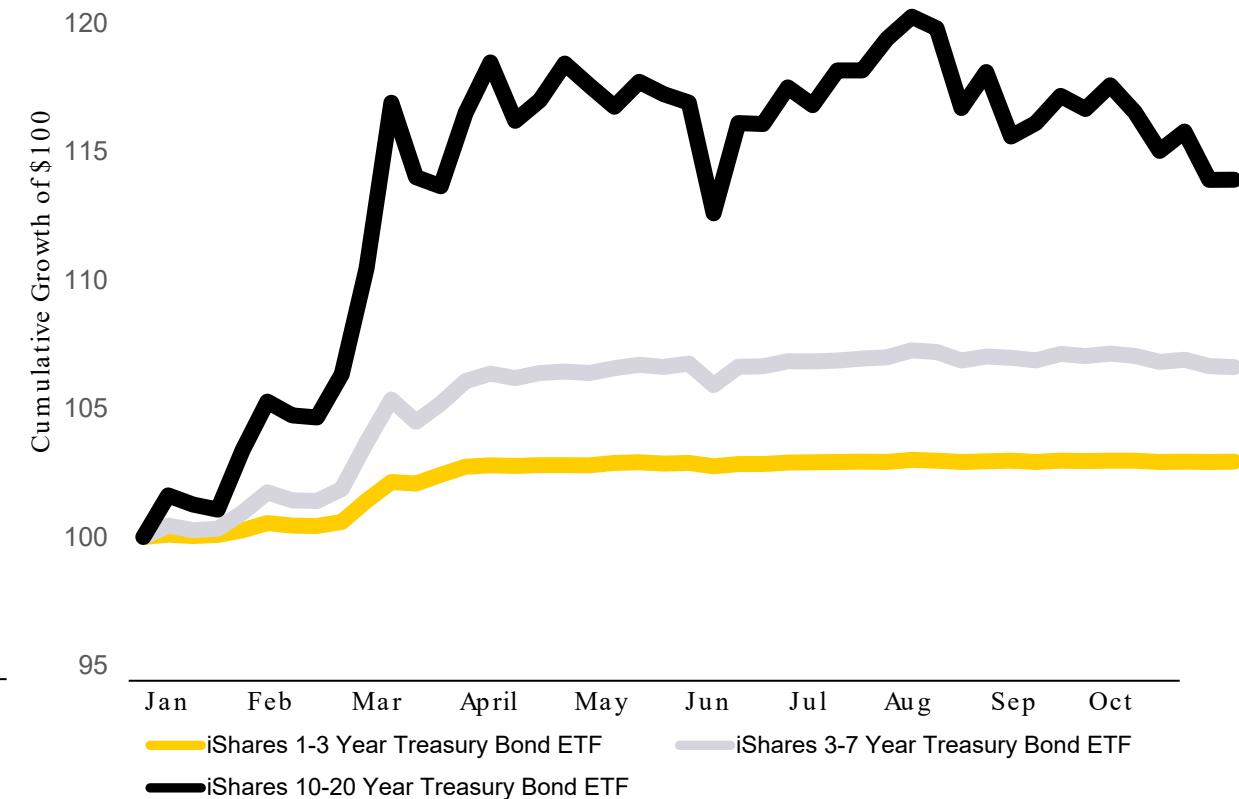
Source: Fidelity as of 12/31/21. <https://www.fidelity.com/learning-center/investment-products/fixed-income-bonds/bond-ratings>

# Understanding Interest rate risk: A look back

Performance during the most recent Fed interest rate  
**increase** - 2018 (Q1 through Q3)



Performance during the most recent Fed interest rate  
**decrease** - 2020 (Q1 through Q3)



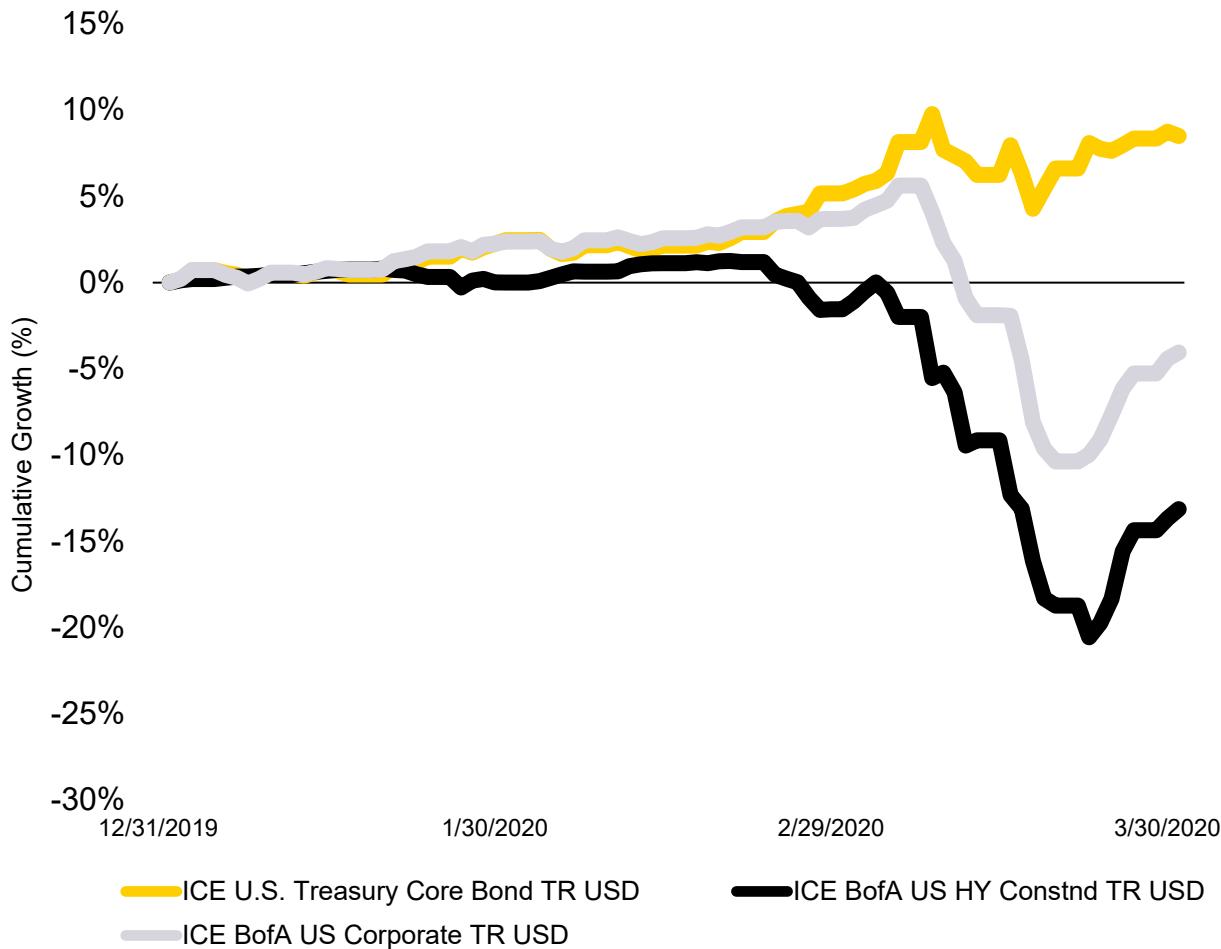
Source: Bloomberg, Morningstar for the period of 1/1/2018 – 10/31/2018 and 1/1/2020 – 10/31/2020

Performance data represents past performance and does not guarantee future results. Investment return and principal value will fluctuate with market conditions and may be lower or higher when you sell your shares. Current performance may differ from the performance shown. For most recent month - end performance see [www.iShares.com](http://www.iShares.com). For standardized performance see slides entitled *Standardized Performance* at the end of this presentation.

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# Credit risk: A look back at 2020

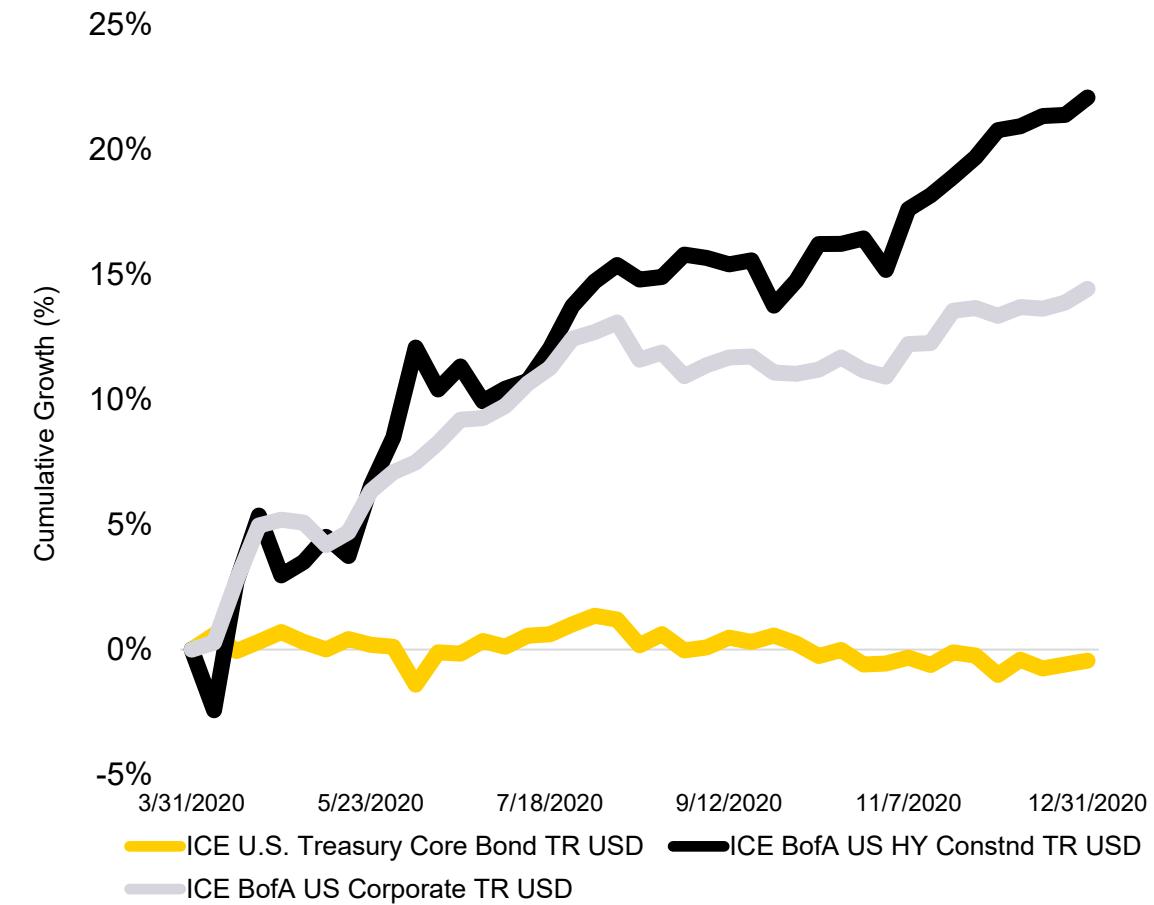
Bond Index Returns in Q1.....



Source: Morningstar for the period of 1/1/2020 - 3/31/2020 and 4/1/2020 - 12/31/2020.

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.

and the remainder of the year.

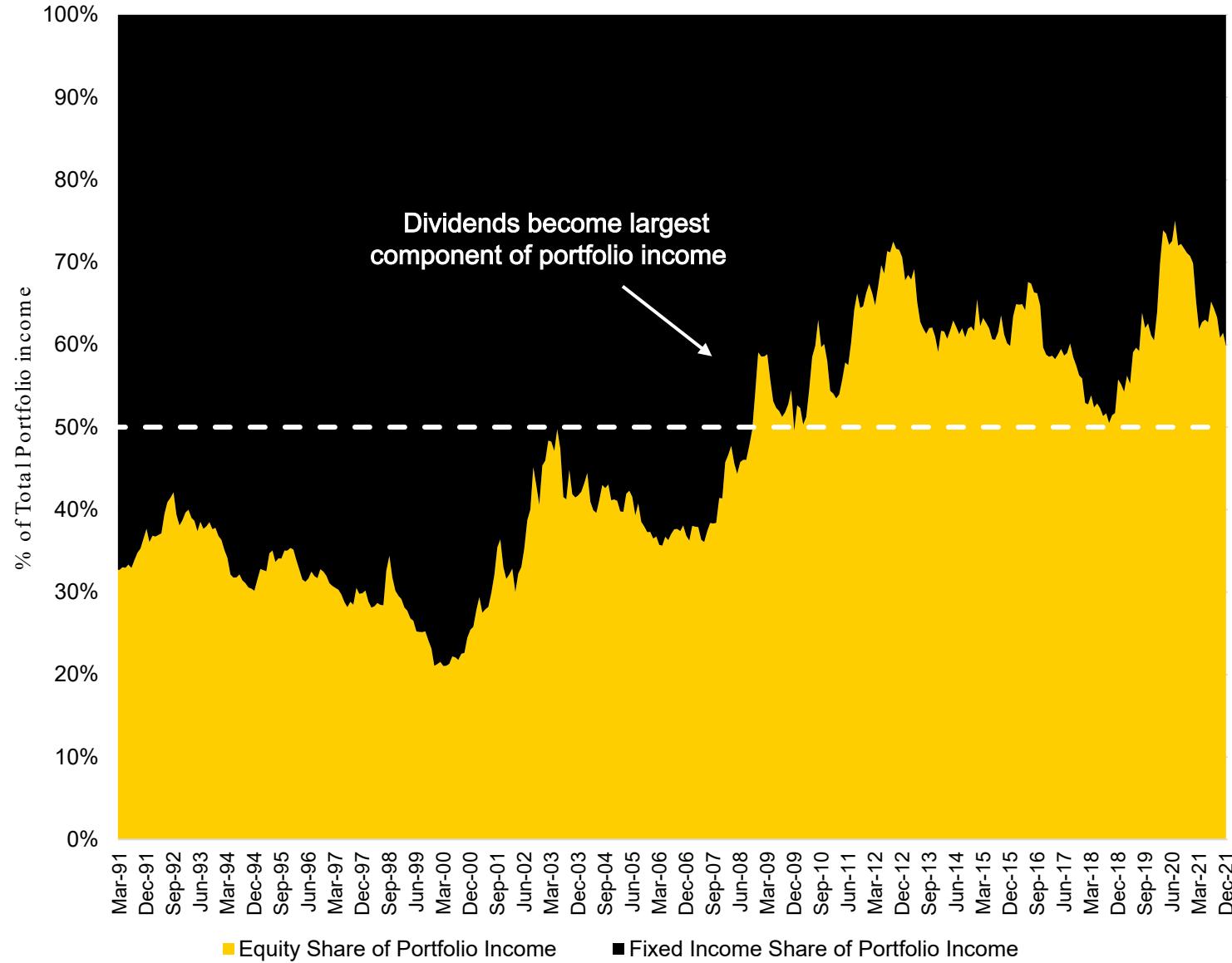


ts or expenses.

# Dividends have become increasingly important for income investors

Sources: MSCI and Bloomberg as of 12/31/2021. The portfolio dividend yield is a weighted average, calculated monthly. The chart depicts the share of income coming from equity dividends in a hypothetical illustrative portfolio that is made up of 60% MSCI World Index / 40% Bloomberg US Aggregate Bond Index. Share of income is calculated by dividing the dividend yield on the MSCI World Index by the total income on the illustrative portfolio, using the yield of the Bloomberg US Aggregate Index as a proxy for bond income within the illustrative portfolio. **Index performance is for illustrative purposes only.**

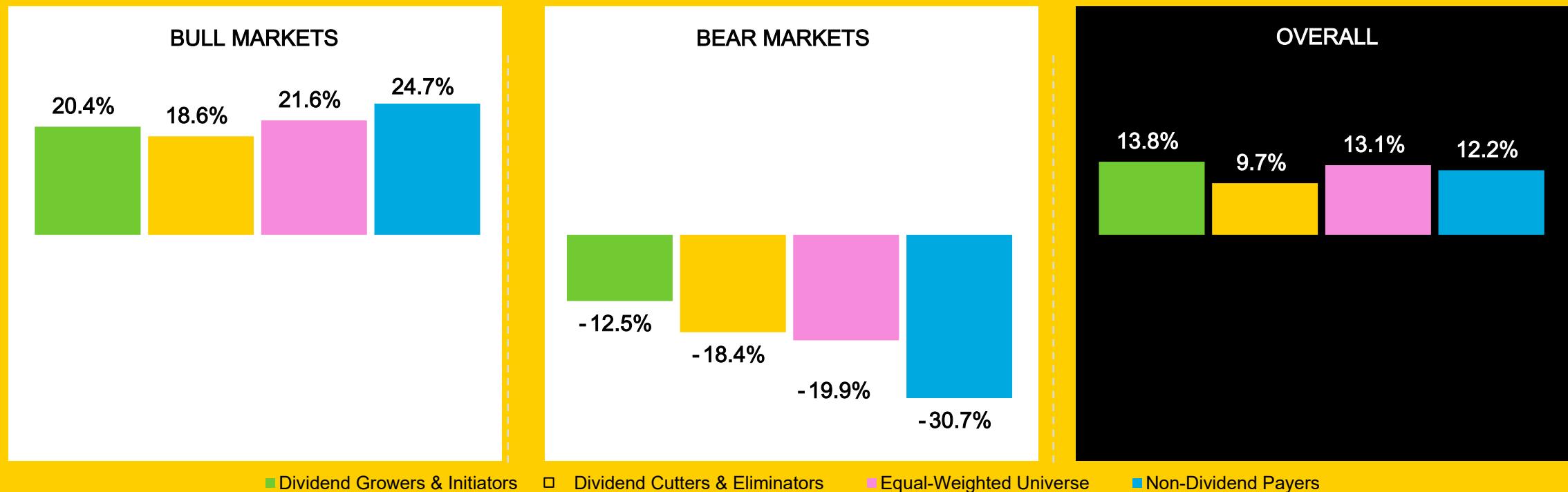
**Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. There is no guarantee that dividends will be paid.**



# Dividend payers have performed well historically

Dividend growers and initiators weathered diverse markets

Average returns from 12/31/1978 – 12/31/2021



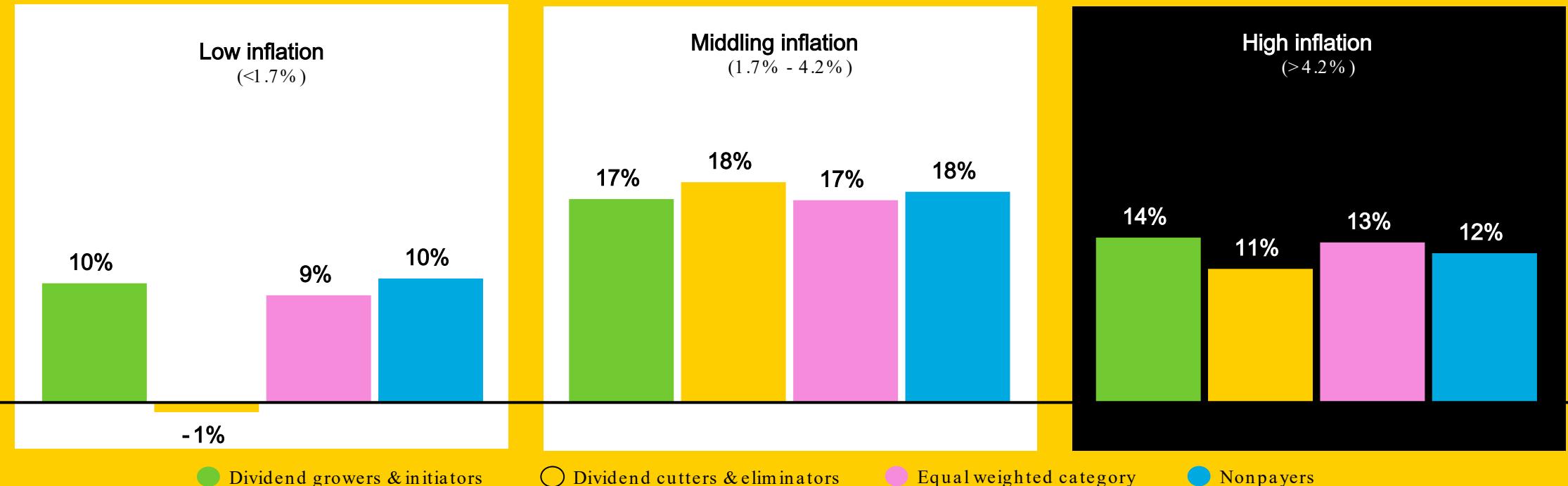
Source: BlackRock. **Past performance does not guarantee future results.**

Data from 12/31/1978 through 12/31/2021. Yardeni, Refinitiv, with data from Compustat and IDC. The investment universe is the 500 largest U.S. stocks by market cap. Dividend policy constituents are calculated on a rolling 12-month basis and are rebalanced monthly. Category returns are calculated on a monthly basis. Shown for illustrative purposes only. The Dividend Growers & Initiators category represents historical performance for companies which either increased or initiated their dividend distribution. The Dividend Cutters & Eliminators category represents historical performance for companies which either cut or eliminated their dividend distribution. The Equal Weighted category represents historical performance for the 500 largest U.S. stocks by market cap, calculated by assigning the same weighting (0.20%) to each constituent. The Nonpayers category represents historical performance for companies which do not pay a dividend. Bear Market: A bear market is defined as declines of greater than -20% or more. Bull Market: A bull market is defined as the gains between bear markets, which are defined as declines of greater than -20% or more. To calculate the aggregate return for the "Overall", "Bull Market" and "Bear Market" periods the aggregate return is defined as an annualized form of the average monthly return for the specified market period, where annualizing takes into account compounding.

# Dividend growers may keep pace with inflation

Dividend growers have outpaced their peers in periods of high inflation

Annualized growth (%) 1978-2021



Source: BlackRock. **Past performance does not guarantee future results.**

Data from 12/31/1978 through 12/31/2021. Yardeni, Refinitiv, with data from Compustat and IDC. The investment universe is the 500 largest U.S. stocks by market cap. Dividend policy constituents are calculated on a rolling 12-month basis and are rebalanced monthly. Category returns are rolling 12-month returns calculated on a monthly basis. Shown for illustrative purposes only. The Dividend Growers & Initiators category represents historical performance for companies which either increased or initiated their dividend distribution. The Dividend Cutters & Eliminators category represents historical performance for companies which either cut or eliminated their dividend distribution. The Equal Weighted category represents historical performance for the 500 largest U.S. stocks by market cap, calculated by assigning the same weighting (0.20%) to each constituent. The Nonpayers category represents historical performance for companies which do not pay a dividend. The level of inflation is defined as the year-over-year change in the Consumer Price Index (CPI). "Lowest inflation" represents the bottom 20% rolling 12-month periods of inflation readings; "highest inflation" represents the top 20% of periods; and "middling inflation" represents the remainder. The numbers below the bars represent the high-low range in inflation readings for each regime.

# Beware of the yield trap

## Stock A

- Stock Price: \$10
- Dividend per share: \$0.50
- Yield = 5.00%

## Stock B

- Stock Price: \$10
- Dividend per share: \$0.50
- Yield = 5.00%

MONDAY

TUESDAY

FRIDAY

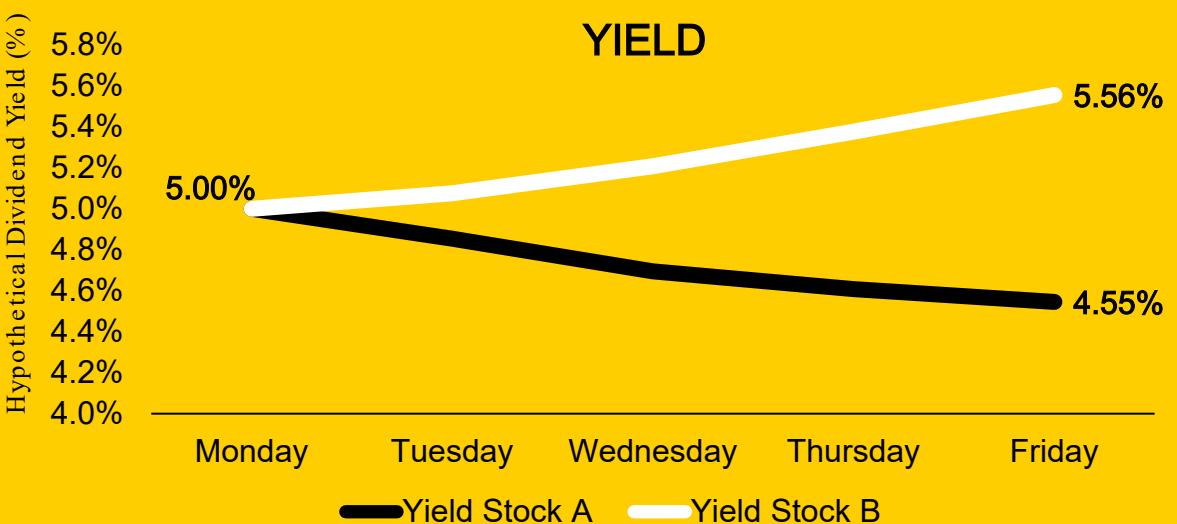
Positive news that will help stock A improve its market share

- Stock Price: \$11
- Dividend per share: \$0.50
- Yield = 4.55%

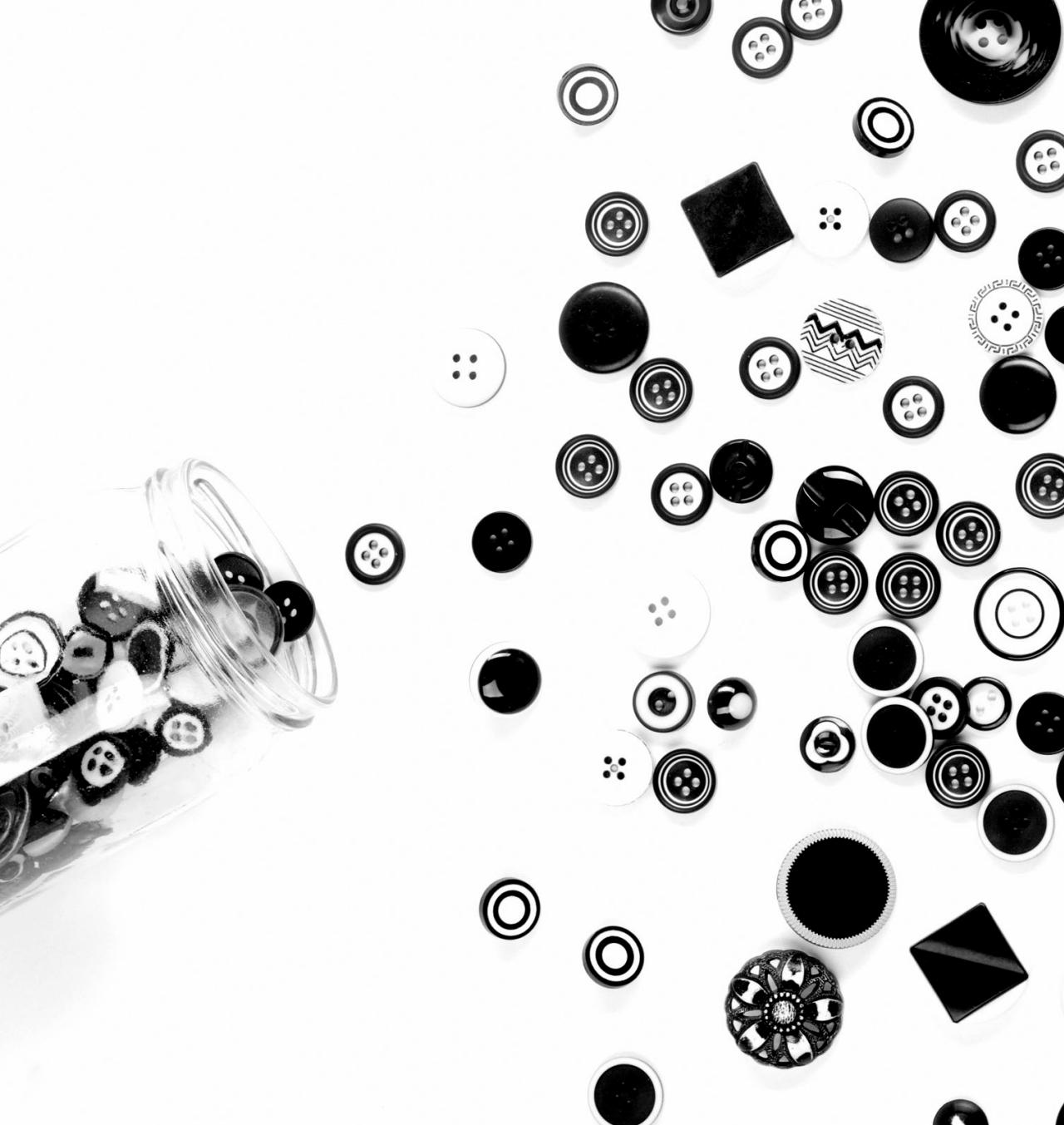
Stock B moves lower on Stock A news

- Stock Price: \$9
- Dividend per share: \$0.50
- Yield = 5.56%

For illustrative purposes only. Past performance does not guarantee future results.



# HOW CAN ETFs HELP?



# What are ETFs?



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. 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.

# Why use ETFs for income?

## DIVERSIFICATION



ETFs can hold hundreds of income paying securities to help diversify your portfolio. Rebalancing keeps fund characteristics aligned with the target market

## LOW COST



ETFs can keep fees lower than other diversified strategies because they often 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

## Did you know?

Bond ETFs typically payout interest to the investor on a monthly basis, and stock ETFs typically pay dividends on a quarterly basis

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 ETFs and Mutual funds, please see the end of this presentation.

# The income ETF toolkit

## Bonds

**USIG**  
0.04%

**GOVT**  
0.05%

**USHY**  
0.15% \*

**TIP**  
0.19%

## Dividend Payers

**HDV**  
0.08%

## Multi - asset

**IYLD**  
0.59% \*

*Pursue income and diversify stock portfolios*

*Seek quality companies that pay high dividends*

*Diversify sources of income*

Expense ratios are shown below the ticker symbols.

For illustrative purposes only. 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. \*Net expense ratios shown for USHY and IYLD reflect contractual fee waivers in place until 2/28/23 and 11/30/26 respectively. Gross expense ratios is 0.22% for USHY and 0.60% for IYLD. All fees above are as of 2/28/2022.

# Corporate Bonds

**USIG**

**iShares Broad USD Investment Grade Corporate Bond ETF**

- Use at the core of your portfolio to pursue income

**USHY**

**iShares Broad USD High Yield Corporate Bond ETF**

- Use to complement core fixed income holdings to enhance portfolio income and performance potential

## Key takeaways



### Low Cost

- Expense Ratios of 0.04% and 0.15%



### Broad Diversification

- Exposure to hundreds of corporate bonds in each bond ETF

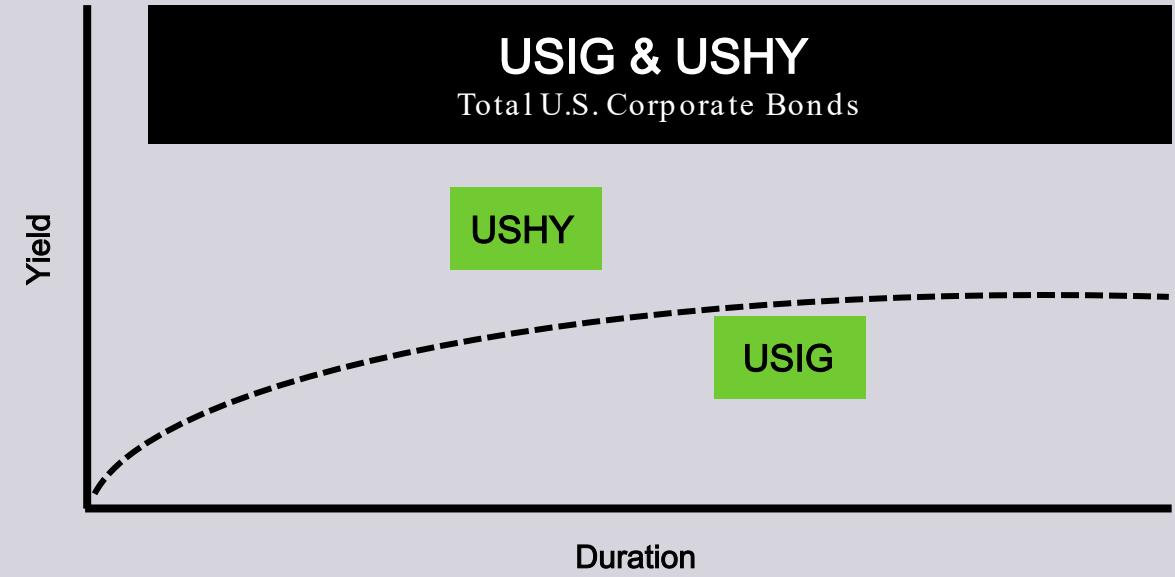
Source: BlackRock, data as of 12/31/2021. Chart for illustrative purposes only.

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<sup>1</sup> USHY's 30 Day SEC Yield is 4.32%. It's unsubsidized 30-day SEC yield is 4.25%. USHY's net expense ratio is 0.15%, and gross expense ratio is 0.22%.

<sup>2</sup> Duration is a measure of a bond fund's sensitivity to interest rates. For every year of duration, a 1% change in interest rates will lead to a 1% change in the opposite direction of a bond fund's value.

**USIG & USHY**  
Total U.S. Corporate Bonds



	<b>USIG</b>	<b>USHY</b>
30-Day SEC Yield	2.32%	4.32% / 4.25% <sup>1</sup>
Duration <sup>2</sup> (years)	8.18	4.01

# US Treasuries: A Diversifier

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GOVT

## iShares U.S. Treasury Bond ETF

- Invests in Treasury bonds of all maturities
- 100% AAA Rated
- Use at the core of your portfolio to seek stability in your portfolio and pursue income

## 3-Year Correlations

	GOVT	IVV	USIG	USHY
GOVT	1.00			
IVV	-0.41	1.00		
USIG	0.20	0.54	1.00	
USHY	-0.36	0.79	0.77	1.00

Source: Morningstar as of 12/31/21. Correlations using total return, calculated monthly. Correlation measures how two securities move in relation to each other. Correlation ranges between +1 and -1. A correlation of +1 indicates returns moved in tandem, -1 indicates returns moved in opposite directions, and 0 indicates no correlation. **Past performance does not guarantee future results.**

# TIPS: Seek Protection Against Inflation

TIP

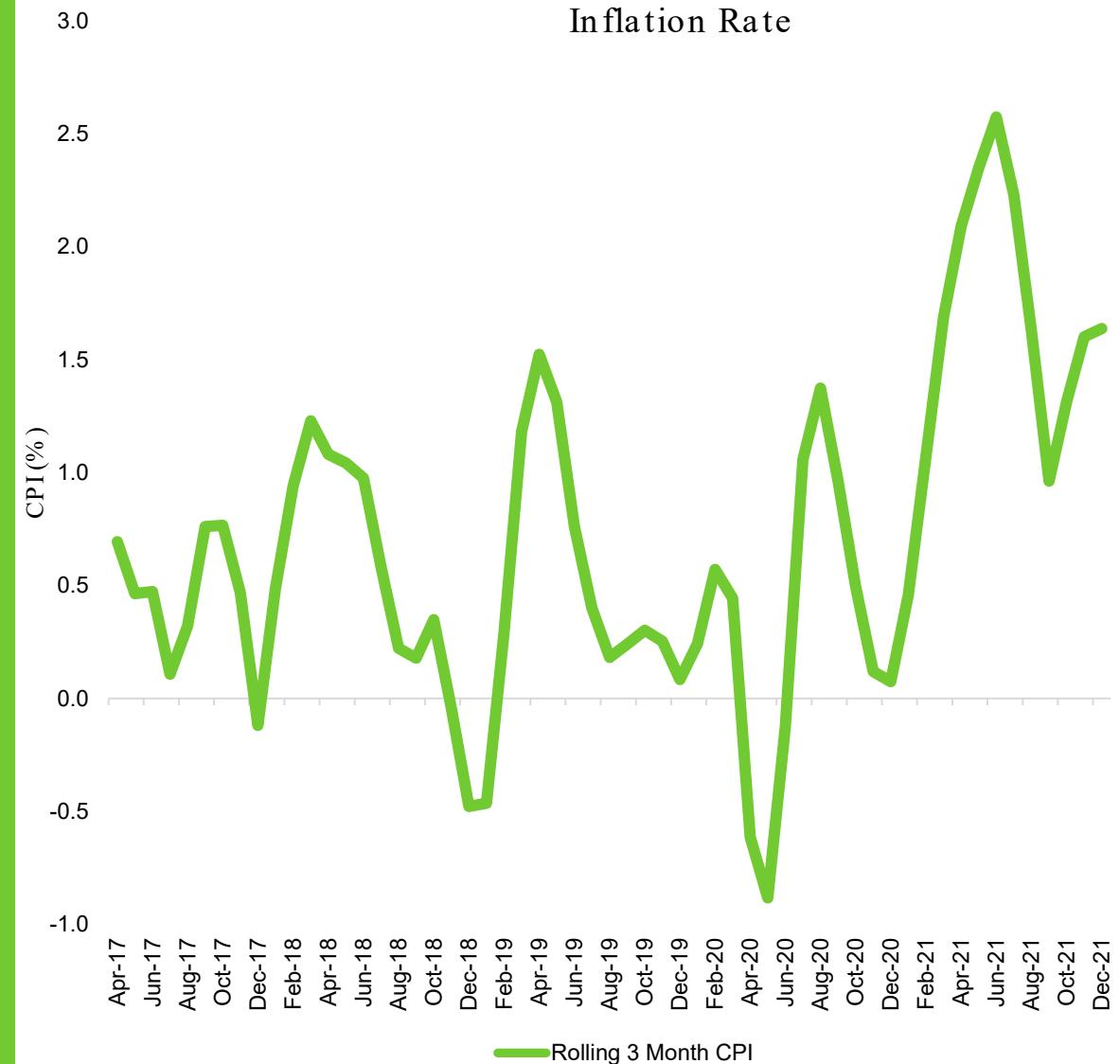
## iShares TIPS Bond ETF

- Exposure to U.S. TIPS, which are government bonds whose face value rises with inflation
- Invests in TIPS of all maturities
- Seek to protect against intermediate-term inflation

STIP

## iShares 0 - 5 Year TIPS Bond ETF

- Access to U.S. TIPS with remaining maturities of less than 5 years
- Seek to protect against near-term inflation

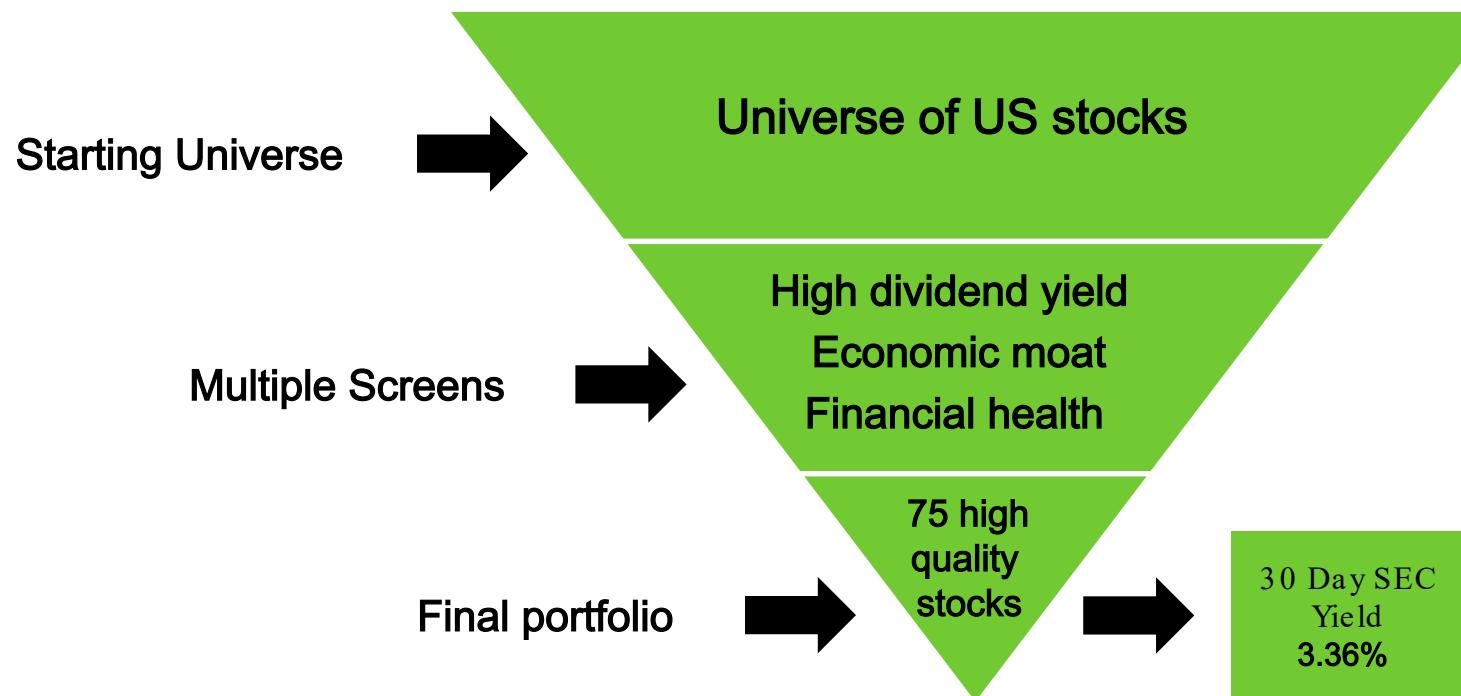


Source: BlackRock and Morningstar as of 12/31/21. Inflation data provided by US Bureau of Labor Statistics (4/2017 – 1/2022).

# Seeking high dividend income

Access to high dividend paying U.S. companies screened for financial health

Example: iShares Core High Dividend ETF (HDV)  
(expense ratio: 0.08%)

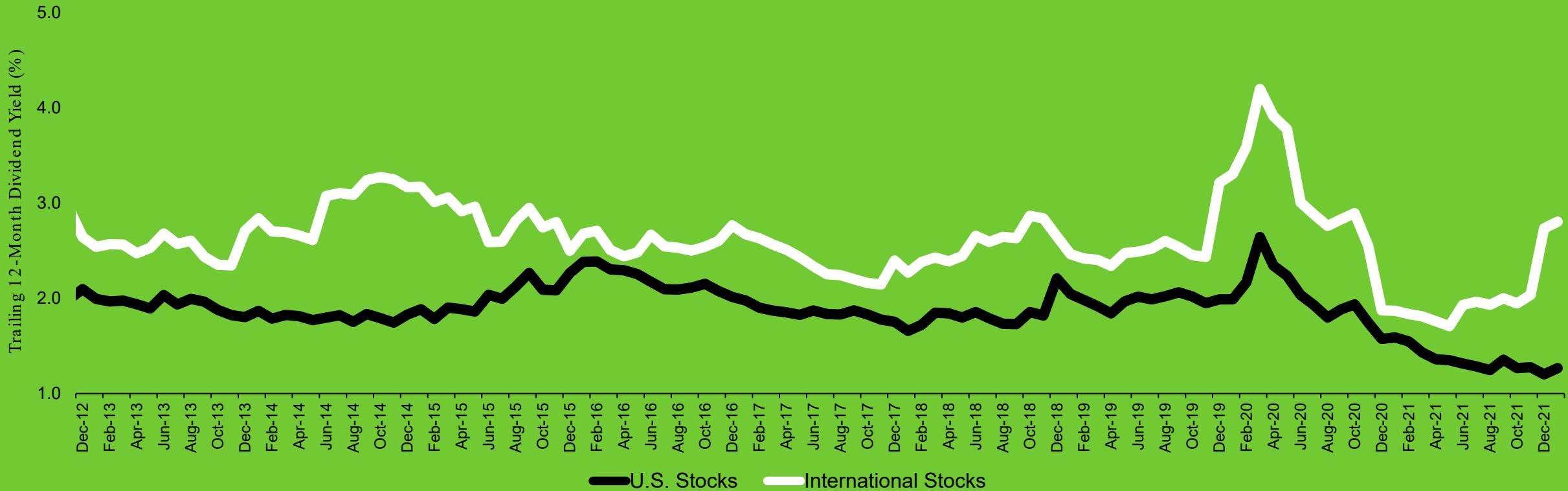


## Did you know?

Dividends for HDV are paid on a quarterly basis to the investor

For illustrative purposes only. Source: BlackRock as of 1/31/2022. Dividends are not guaranteed and a company's future ability to pay dividends may be limited. Performance data represents past performance and does not guarantee future results. Investment return and principal value will fluctuate with market conditions and may be lower or higher when you sell your shares. Current performance may differ from the performance of the recent month - end performance see [www.iShares.com](http://www.iShares.com). For standardized performance, please see the end of this presentation.

# International dividend stocks may improve diversification and yield



Source: Bloomberg as of 1/31/2022. U.S. stocks represented by the S&P 500 Index, International stocks represented by the MSCI ACWI ex USA Index.

Diversification and asset allocation may not protect against market risk or loss of principal. **Index returns are for illustrative purposes only and do not represent actual iShares Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses.** Indexes are unmanaged and one cannot invest directly in an index.

# ETFs that draw from diverse sources of income

## A multi - asset approach

1

Determine the desired mix between global stocks, bonds, and other asset classes

2

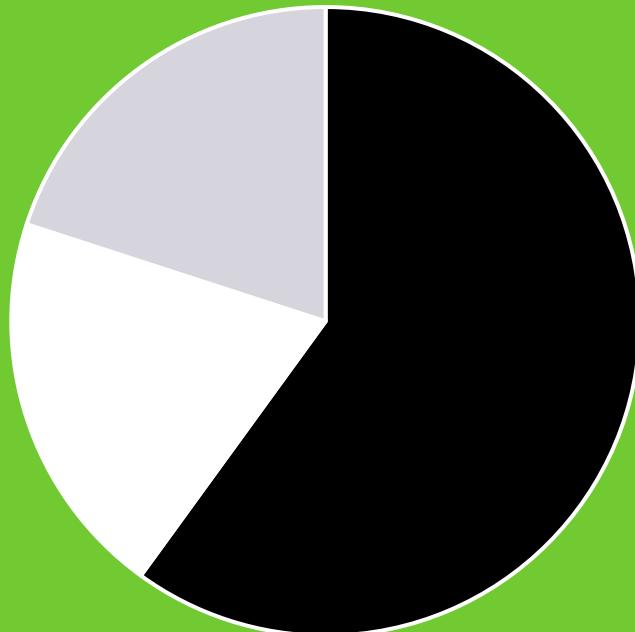
Evaluate income generating ETFs to fill the desired asset allocation

3

Consider rebalancing periodically to maintain the desired balance between potential growth, safety, and yield

### Example: iShares Morningstar Multi -Asset Income ETF (IYLD)

A portfolio of iShares ETFs that is 60% bonds, 20% stocks, and 20% alternative income sources.



For illustrative purposes only

Source: BlackRock, as of 12/31/2021. Allocations shown for illustrative purposes only and are subject to change. The strategies discussed are strictly for 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.

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# SUMMARY

## Key takeaways

- In today's environment, finding sources of income to keep up with inflation can be increasingly difficult
- When developing your income -seeking strategy, it is important to determine the right mix of risk for your goals, across interest rate risk (time horizon) and credit risk (quality)
- ETFs can be a helpful tool to seek income, as they can be an efficient and targeted investment for specific sources of income such as bond ETFs (USIG), dividend -seeking ETFs (HDV), and multi -asset ETFs (IYLD) designed to seek income across income sources

## Income Seeking ETFs

### Bond ETFs

*Pursue income and diversify stock portfolios*

### Dividend ETFs

*Seek high dividends and dividend growth*

### Multi -Asset ETFs

*Diversify sources of income*

**iShares**  
by BlackRock

# 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	<ul style="list-style-type: none"> <li>Opportunity to outperform the index</li> <li>Potential to limit the downside</li> <li>Buy/ sell decisions based on research</li> </ul>	<ul style="list-style-type: none"> <li>Exposure to market index</li> <li>Generally lower fees</li> <li>Typically more tax-efficient</li> </ul>
Trade-offs	<ul style="list-style-type: none"> <li>Potential to underperform index</li> <li>Generally higher fees</li> <li>Typically less tax-efficient</li> </ul>	<ul style="list-style-type: none"> <li>Does not seek to outperform index</li> <li>Participate in all of index downside</li> <li>Buy/ sell decisions based on index, not research</li> </ul>

# Standardized performance

Fees as of current prospectus. All other data as of 12/31/21.

Ticker	Fund Name	Fund Inception Date	Gross Expense Ratio	30-Day SEC Yield (With / Without Waiver)	Contractual Fee Waiver Expiration (If Applicable)	1-Year Returns		5-Year Returns		10-Year Returns		Since Inception	
						NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price
<b>SHY</b>	iShares 1-3 Year Treasury Bond ETF	July 22, 2002	0.15%	0.53%	--	-0.73%	-0.72%	1.47%	1.48%	0.96%	0.95%	1.93%	1.93%
<b>IEI</b>	iShares 3-7 Year Treasury Bond ETF	January 5, 2007	0.15%	1.09%	--	-2.51%	-2.54%	2.48%	2.48%	1.85%	1.84%	3.54%	3.54%
<b>TLH</b>	iShares 10-20 Year Treasury Bond ETF	January 5, 2007	0.15%	1.69%	--	-5.34%	-5.38%	4.38%	4.39%	3.27%	3.26%	5.41%	5.40%
<b>USIG</b>	iShares Broad USD Investment Grade Corporate Bond ETF	January 5, 2007	0.04%	2.32%	--	-1.29%	-1.34%	5.01%	4.97%	4.31%	4.18%	5.02%	5.00%
<b>USHY</b>	iShares Broad USD High Yield Corporate Bond ETF	October 25, 2017	0.22%	4.32% / 4.25%	February 28, 2022	5.14%	5.01%	--	--	--	--	5.38%	5.45%
<b>GOVT</b>	iShares U.S. Treasury Bond ETF	February 14, 2012	0.05%	1.18%	--	-2.54%	-1.11%	2.93%	3.15%	--	--	2.06%	2.15%

Continued on next page.

# Standardized performance continued

Fees as of current prospectus. All other data as of 12/31/21.

Ticker	Fund Name	Fund Inception Date	Gross Expense Ratio	30-Day SEC Yield (With / Without Waiver)	Contractual Fee Waiver Expiration (If Applicable)	1-Year Returns		5-Year Returns		10-Year Returns		Since Inception	
						NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price
TIP	iShares TIPS Bond ETF	December 4, 2003	0.19%	8.39%	--	5.52%	5.67%	5.15%	5.19%	2.94%	2.93%	4.41%	4.42%
HDV	iShares Core High Dividend ETF	March 29, 2011	0.08%	3.66%	--	19.38%	19.44%	8.13%	8.12%	10.05%	10.05%	10.48%	10.48%
IYLD	iShares Morningstar Multi-Asset Income ETF	April 3, 2012	0.60%	3.03% / 3.03%	November 30, 2026	3.37%	3.37%	4.55%	4.57%	--	--	4.76%	4.78%
STIP	iShares 0-5 Year TIPS Bond ETF	December 1, 2010	0.05%	9.15%	--	5.48%	5.68%	3.34%	3.38%	1.84%	1.85%	2.08%	2.10%
IIV	iShares Core S&P 500 ETF	May 15, 2000	0.03%	1.21%	--	28.66%	28.75%	18.44%	18.41%	16.50%	16.51%	7.64%	7.64%

# Standardized performance continued

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted.

Performance data current to the most recent month end may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com).

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Any applicable brokerage commissions will reduce returns. Beginning August 10, 2020, market price returns for BlackRock and iShares ETFs are calculated using the closing price and account for distributions from the fund. Prior to August 10, 2020, market price returns for BlackRock and iShares ETFs were calculated using the midpoint price and accounted for distributions from the fund. The midpoint is the average of the bid/ask prices at 4:00 PM ET (when NAV is normally determined for most ETFs). The returns shown do not represent the returns you would receive if you traded shares at other times.

# Important notes continued

**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](http://www.iShares.com) or [www.blackrock.com](http://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. There may be less information on the financial condition of municipal issuers subject to federal or state income taxes or the Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

An investment in the Funds are 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.

TIPS can provide investors a hedge against inflation, as the inflation adjustment feature helps preserve the purchasing power of the investment. Because of this inflation adjustment feature, inflation protected bonds typically have lower yields than conventional fixed rate bonds and will likely decline in price during periods of deflation, which could result in losses. Government backing applies only to government issued securities, and does not apply to the funds.

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 may result in brokerage commissions and will generate tax consequences. All regulated investment companies are obliged to distribute portfolio gains to shareholders.

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

# 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 the general securities market. There is no guarantee that any fund will pay dividends.

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.

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