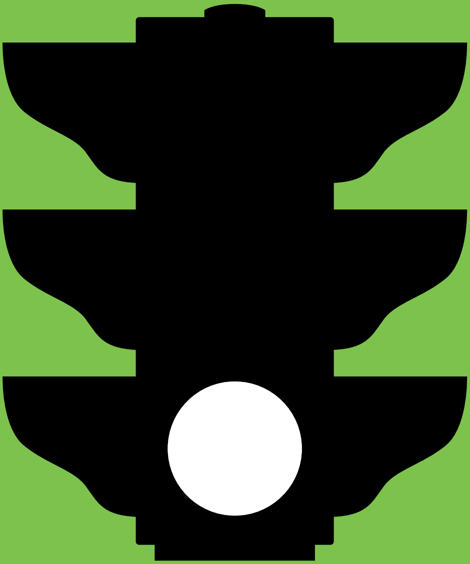
iShares®
by BlackRock

ETF SECURITIES LENDING



Starter guide

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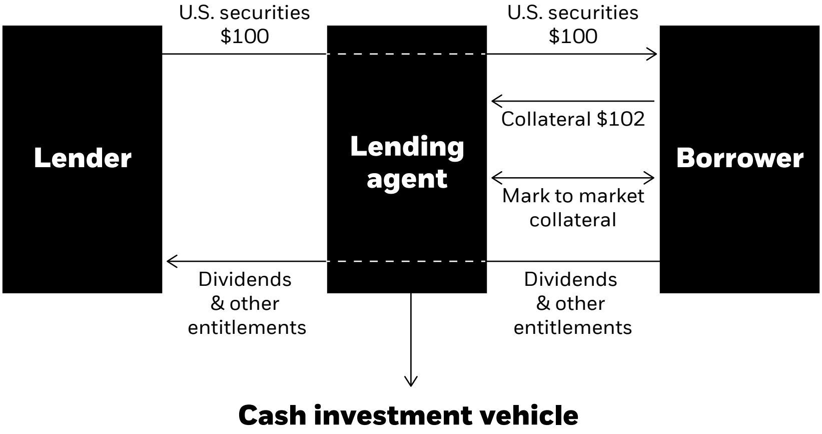
HOW SECURITIES LENDING WORKS

- Securities lending is a well-established practice in which an investor who owns a security ("lender") temporarily loans the security to a borrower in exchange for a fee.
- The lender remains the owner of the security and therefore maintains exposure to the security's performance for the life of the loan.
- Because the transfer of ownership is temporary, the securities can be returned by the borrower or recalled by the lender at any time.

SECURITIES LENDING TRANSACTION MECHANICS

- The loan is initiated when the lender engages a lending agent who negotiates a loan with an approved borrower.
- The lending agent delivers the security to the borrower who in turn delivers collateral, usually in the form of cash to the lending agent.
- The lending agent invests the collateral in an approved cash investment vehicle seeking to generate incremental returns.
- The borrower forwards to the lender any distributions on the securities (dividends or interest payments) that occur during the life of the loan.



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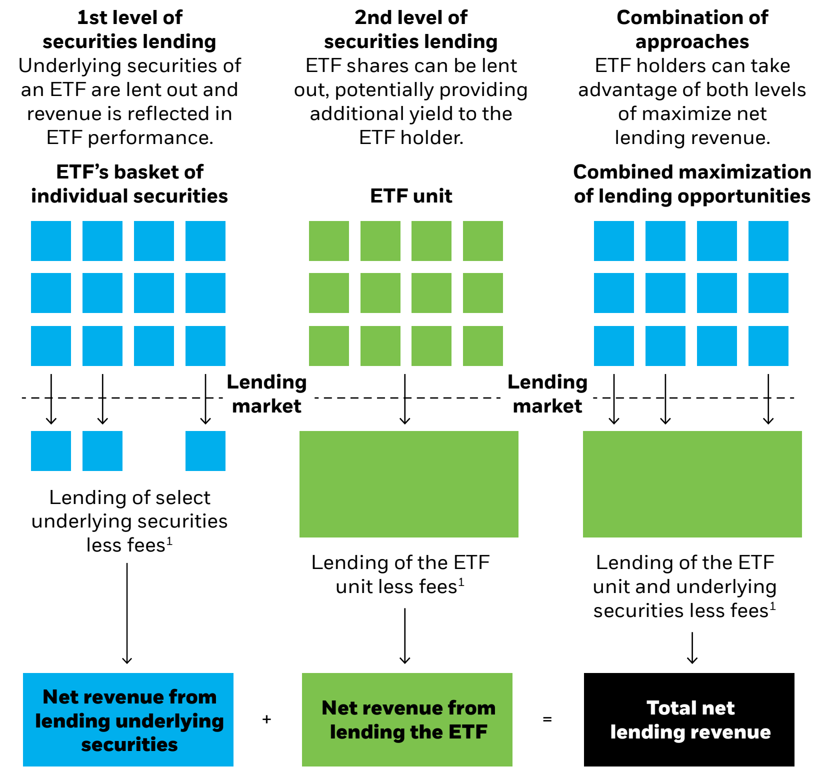
Lending securities is a standardized practice to help offset holding costs and potentially generate additional yield for the lender.

TWO LEVELS OF SECURITIES LENDING WITH ETFS

Due to the growth of ETF lending markets, investors can potentially benefit from a strategy to lend shares of the ETF *and* underlying shares held by the fund.

In this way, an investor can seek to accrue the benefits of two levels of securities lending: (1) the lending of select individual constituent securities—which is initiated and managed by the ETF provider and reflected in ETF performance—and (2) the lending of the ETF itself.

In essence, investors are already taking advantage of potential underlying ETF constituent lending by simply holding the ETF. By choosing to lend the ETF itself, investors can accrue the benefits of both levels of borrow demand.



For illustrative purposes only. There is no guarantee that securities lending will generate any level of income. Distributions paid out of the Fund's net investment income, including income from securities lending, if any, are taxable to investors as ordinary income.

1 Fees may include investment management fees, cash collateral fees and administrative costs, including but not limited to accounting, custody and audit fees.

LENDING USE CASE:

Long holders of ETFs seeking yield enhancement opportunities

A pension fund manager held ETFs for long-term beta exposure. The manager periodically engaged with the iShares Markets Coverage team to identify which of their ETF holdings offered potential for attractive lending spreads. By lending these ETFs, the manager was able to:

Maintain exposure to the ETF throughout the life of the loan

Continue to receive all distributions on the security that occurred during the loan

Potentially offset fund management fees and generate additional income without deviating from the targeted exposure or asset allocation

Recall the securities on-loan to the borrower at any time

The return earned by a lender consists of the ETF share lending plus the return generated from investing the borrower's cash collateral. Both components of the return may be subject to a split with the investor's lending agent.

There is no guarantee that there will be borrower demand for shares of the iShares ETFs, or that securities lending will generate any level of income. ETF share lending revenue is not an element of fund performance and share lending is not a service provided by iShares ETFs or BlackRock Fund Advisors, the funds' investment manager and an affiliate of BlackRock Investments LLC.

THE POTENTIAL FOR ADDITIONAL YIELD WITH ETF SECURITIES LENDING

The lending landscape of each ETF varies based on the characteristics of the underlying holdings and market conditions. For example, small-cap stocks—such as those represented in the Russell 2000 Index—typically have less liquidity than large-cap stocks. The relative scarcity has resulted in wider lending spreads of the individual securities and of ETFs that hold the underlying securities. This has often contributed to favorable conditions for long holders looking to potentially generate additional yield. Yield is a measure of the incremental return to a lendable portfolio. It is a function of the percentage of assets on loan (utilization) and the spread the borrower pays to borrow the asset. With this in mind, yield can be enhanced by any combination of greater utilization or wider spreads.

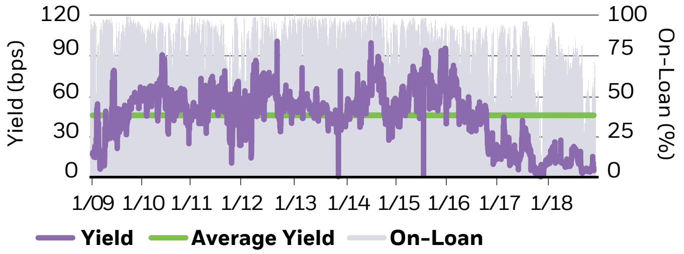
Further, in bearish market conditions borrower demand for small-cap stocks tends to increase. Investors with a long position in the **iShares Russell 2000 ETF (IWM)** can aim to take advantage of this by engaging in securities lending to help offset the expense ratio and generate additional income potential.

Investing in a fund that holds and lends an ETF has historically allowed investors to achieve their desired exposure with potential for a steady return enhancement. ETFs such as the **iShares Russell 2000 ETF (IWM)** have historically garnered persistent demand in the lending market.

iShares Russell 2000 ETF (IWM) gross IWM unit lending yield

INDEXED TO

FTSE Russell



Case study shown for illustrative purposes only.

IWM gross unit lending yield is based on pre-split gross lending income (Source: Markit 12/31/18). IWM lending revenue is not an element of fund performance or a service provided by iShares ETFs or BlackRock Fund Advisors ("BFA"), the funds' investment advisor.

This is not meant as a guarantee of any future result or experience. This information should not be relied upon as research, investment advice or a recommendation regarding the iShares Funds or any security in particular. There is no guarantee that there will be borrower demand for shares of the iShares ETFs, or that securities lending will generate any level of income.

GETTING STARTED WITH ETF SECURITIES LENDING

Setting up ETF lending

- All major custodians have a platform to lend securities.
- The lending agent typically manages the operational aspects of securities lending transactions.
- Once established in a lending program, the process is generally low touch for beneficial owners.

Finding the right lending opportunities

iShares can work with clients to identify attractive ETF lending opportunities.

Contact your dedicated iShares institutional representative for more information, or call 1-800-743-9285.

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.

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Shares of iShares ETFs may be bought and sold throughout the day on the exchange through any brokerage account. Shares are not individually redeemable from the ETF, however, shares may be redeemed directly from an ETF by Authorized Participants, in very large creation/redemption units. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained. Buying and selling shares of ETFs will result in brokerage commissions.

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