BlackRock Takes Sustainable Investing Mainstream with Range of Low-Cost Sustainable Core ETFs

Three Launches: New iShares Sustainable Core ETFs, new portfolio analytics, transparent ESG data

BlackRock projects global ESG ETF assets will rise to $400 Billion by 2028

New York, October 23, 2018 – iShares, a pioneer in simplifying investment portfolios for investors, introduces the iShares Sustainable Core – a line-up of sustainable ETFs that bundle the ability to focus on purpose and performance – for the core of investor portfolios.

To simplify sustainable investment's, BlackRock (NYSE: BLK) also unveiled transparent ESG data disclosures, new ESG portfolio analytic tools, and increased accessibility with ESG focused model portfolios.

Demand for sustainable investing is expected to grow dramatically into the next decade as investors embrace the opportunity to align their investments with their values and long-term financial objectives. For many the question now about sustainable ETFs is 'why not.'

Mark Wiedman, Senior Managing Director, Global Head of iShares and Index Investments:

"The iShares Core Series gave rise to a new generation of simple, low cost and efficient investment portfolios. The iShares Sustainable Core adds purpose to the mix, and is intended to help investors to match their values to their investments without giving up performance."

Wiedman said he "expects investors to adopt the iShares Sustainable Core with the same enthusiasm as the iShares Core Series."

The iShares Sustainable Core

The iShares Sustainable Core range of ESG ETFs is designed to offer low cost building blocks for investors to build broad, diversified sustainable portfolios. It includes a new ESG bond fund as well as six existing ESG ETF funds offering broad US and international equity and bond exposures.

Fund Name	Ticker	Expense Ratio
iShares ESG U.S. Aggregate Bond ETF	EAGG	10 bps[1]
iShares ESG 1-5 Year USD Corporate Bond ETF	SUSB	12 bps
iShares ESG USD Corporate Bond ETF	SUSC	18 bps
iShares ESG MSCI USA ETF	ESGU	15 bps
iShares ESG MSCI USA Small-Cap ETF	ESML	17 bps
iShares ESG MSCI EAFE ETF	ESGD	20 bps
iShares ESG MSCI EM ETF	ESGE	25 bps

The indexes that the funds seek to track are designed to increase exposure to securities with positive ESG characteristics while exhibiting risk and return characteristics similar to those of the relevant market segment. The indexes exclude securities of producers and retailers of tobacco, companies involved with controversial weapons, producers and retailers of civilian firearms, as well as companies involved in very severe business controversies, in each as determined by the index provider.[2]

In the United States, this core suite of sustainable ETFs is part of a larger platform of iShares ESG ETFs which include a low carbon ETF (CRBN), the first sustainable impact ETF (SDG), the first ESG ETF (SUSA) and an ETF that seeks to track the longest running ESG index (DSI).

A new range of Sustainable Core ESG ETFs is also now available in Europe.

New ESG portfolio analysis tools, ESG models, transparent data improve the ESG investment experience

- iShares' website (ishares.com) now shows ESG and Carbon intensity metrics alongside existing portfolio characteristics on all ESG ETFs. By early next year these metrics are expected to be available on all iShares ETFs. ESG metrics will include the MSCI ESG Quality Score, the MSCI ESG percentage of coverage, the MSCI Lipper Peer Group percentile ranking, and MSCI Weighted Average Carbon Intensity. Expanded ESG metrics are expected to be available by the end of 2019 for all ETFs. The site will also include iShares Sustainable ETF impact reports so investors can access more transparent data and understand the tangible outcomes from their decision to invest sustainably. All of this is part of a firm-wide initiative to expand access to ESG data and sustainability-related insights for clients and across our investment processes globally.

- BlackRock is launching a new ESG Portfolio Analyzer for financial advisors and institutional clients seeking to build sustainable investment models. The tool helps investors better understand ESG risks and opportunities. It analyzes ESG scores and tangible metrics on carbon intensity, as well as the percentage of revenue associated with sustainable impact solutions. The Analyzer utilizes MSCI's underlying ESG Fund Metrics.

- iShares ESG ETFs are now in model portfolios offered by more than 30 broker dealers, RIAs, robo advisors and global asset managers.

- BlackRock Model Portfolios, built with iShares sustainable ETFs, are available to over 35,000 financial advisors that leverage BlackRock's Advisor Center application.

Brian Deese, Head of Sustainable Investing at BlackRock:

"A growing body of research underscores that strong ESG performers are more resilient and investing in them allows investors to align their values and beliefs, without sacrificing return. Indeed, with increased transparency on the sustainability profile of their investment profiles, we can help investors better understand potential ESG-related risks and opportunities associated with their investments."

Tipping point moment for sustainable investing

BlackRock believes that ESG ETFs assets under management will rise in the next decade driven by increased interest from U.S. wealth investors as well as continued strong demand from institutions. According to BlackRock projections, ESG ETF fund assets are expected to grow from $25 billion today to more than $400 billion by 2028. The rapid growth in ESG ETFs could increase the ETF share of total ESG ETF and mutual fund assets from 3% today to 21% by 2028.

“Sustainable investing is becoming mainstream investing,” says Deese. “We do not view sustainable investing as an exercise in trading return for social outcomes. By identifying scalable, sustainable investment solutions, we can seek improved financial outcomes for our clients and accelerate the adoption of sustainable business practices around the world.”

A firm wide commitment

BlackRock has long believed that sustainability-related issues – from board composition to human capital management to climate change – have real long-term financial impacts, with increasing relevance in the investment process.

Beyond iShares funds, BlackRock currently manages a broad suite of dedicated sustainable investment solutions, ranging from broad ESG strategies to thematic and impact strategies that allow clients to align their capital with the low-carbon transition and the UN Sustainable Development Goals. BlackRock also manages one of the largest renewable power funds globally. With deep expertise in alpha-seeking and index strategies, across public equity and debt, private renewable power, commodities and real asset strategies, BlackRock continues to build scalable products and customized solutions across asset classes.

About BlackRock
BlackRock helps investors build better financial futures. As a fiduciary to our clients, we provide the investment and technology solutions they need when planning for their most important goals. As of September 30, 2018, the firm managed approximately $6.44 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit www.blackrock.com

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 800+ exchange traded funds (ETFs) and $1.8 trillion in assets under management as of September 30, 2018. 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.[3]

[1]Net expense ratio shown for EAGG reflects contractual fee waiver in place until 6/30/24. Gross expense ratio is 11 bps
[2]Revenue thresholds apply to certain sector screens.
[3]Based on $6.44 trillion in AUM as of 9/30/18.

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 and, if available, summary prospectuses, which may be obtained by calling 1-800-iShares (1-800-474-2737) or by visiting www.iShares.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal.

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A fund's environmental, social and governance (“ESG”) investment strategy limits the types and number of investment opportunities available to the fund and, as a result, the fund may underperform other funds that do not have an ESG focus. A fund's ESG investment strategy may result in the fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards.

The iShares MSCI ACWI Low Carbon Target ETF may not reflect a lower carbon exposure as there is no guarantee that the underlying index will achieve its intended results or accurately assess an issuer's actual and potential carbon emissions.

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.

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.

Buying and selling shares of ETFs will result in brokerage commissions. Diversification and asset allocation may not protect against market risk or loss of principal.

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