iShares Large Cap Accelerated ETF (TWOX)

Frequently Asked Questions

iShares by BlackRock

iShares has launched an **accelerated ETF** within our Outcome ETF suite to help investors pursue accelerated price returns on the iShares Core S&P 500 ETF (IVV) up to an approximate cap on a quarterly basis.

TWOX

iShares Large Cap Accelerated ETF

Table of contents

1 What are accelerated ETFs?

Accelerated ETFs are outcome-based strategies that combine an underlying index or fund with options to create an acceleration zone* where investors have the potential to experience accelerated returns up to an approximate cap if held over a specific outcome period with the same downside potential as the underlying fund over the outcome period.

2 How can they be used in a portfolio?

The iShares Large Cap Accelerated ETF can be used in a range of portfolios and scenarios to help investors potentially achieve accelerated returns up to an approximate cap.

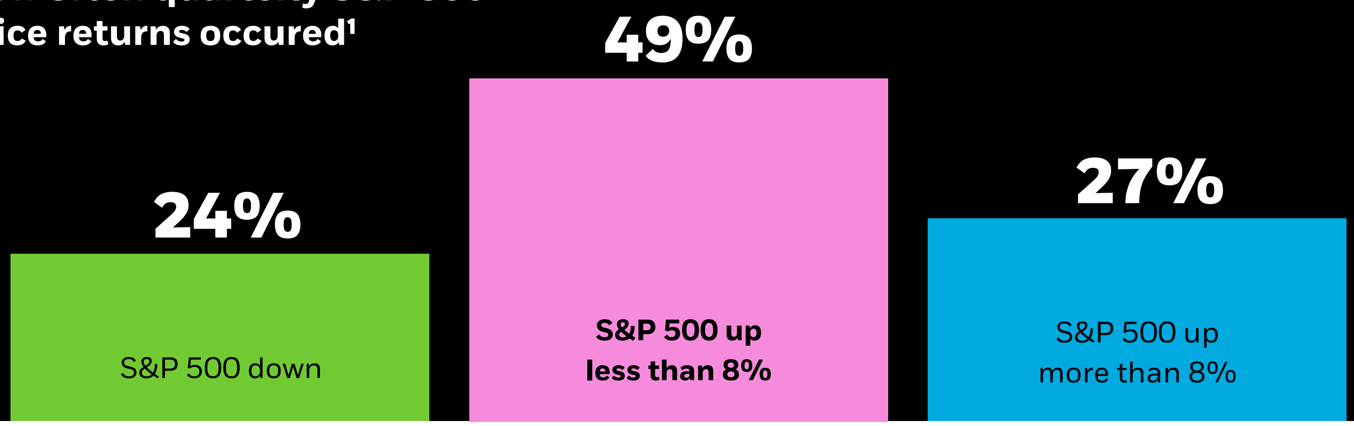
Enhance moderate growth return potential	Complement core allocation	Seek differentiated returns
The iShares Large Cap Accelerated ETF may enhance returns during periods of moderate growth in the underlying ETF if held over the entire outcome period (full calendar quarter).	Given the fund holds the iShares S&P 500 Core ETF, the fund's performance is closely linked to the S&P 500, which may complement core equity allocations.	With a return strategy similar to certain structured notes, the ETF wrapper can provide investors a new way to access these strategies.

The Acceleration Zone is the range of returns where the Fund may experience approximately twice the return of the Underlying ETF, known as the Accelerated Return, up to the Cap, if Fund shares are held for the entire Outcome Period.

3 How often have markets experienced moderate growth?

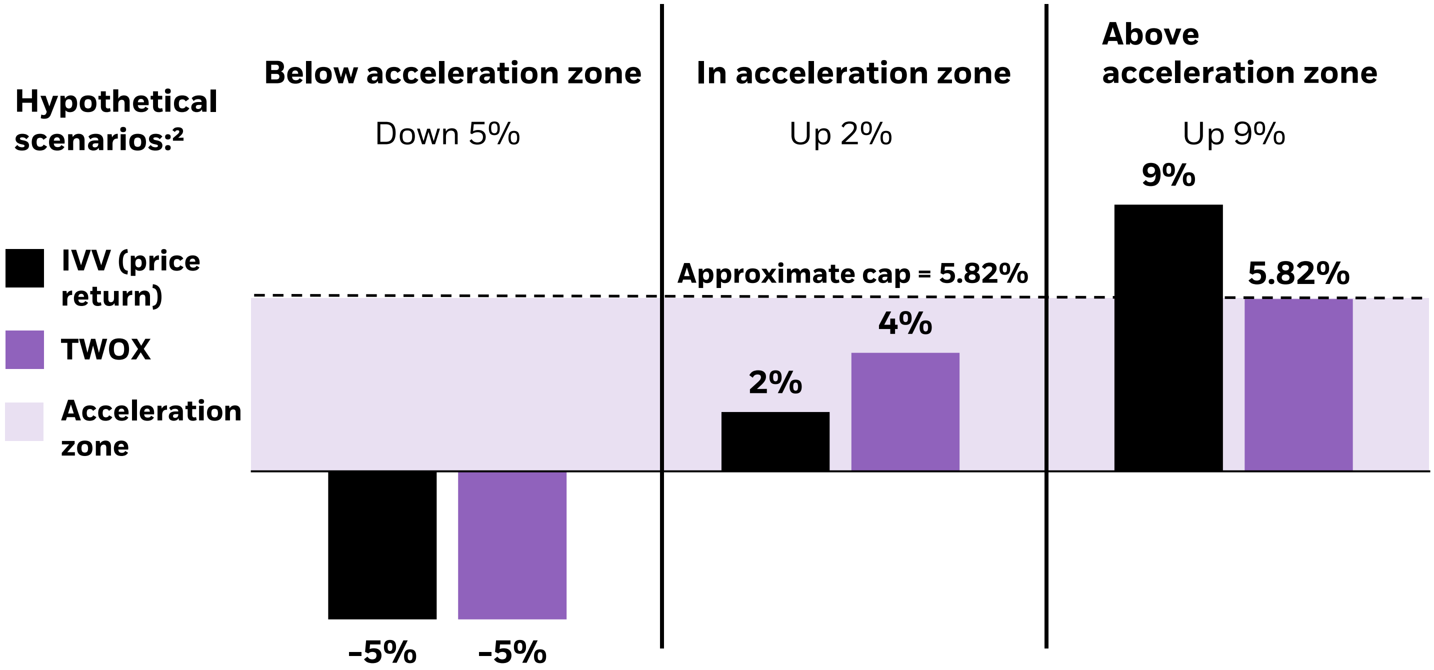
Modest quarterly market returns happened more often than you might think. While the past does not guarantee what happens in the future, **the S&P 500 quarterly price returns have been between 0 and 8% nearly half of the time.[1]**

How often quarterly S&P 500 price returns occured[1]



4 How are accelerated ETFs expected to perform if held over their entire outcome period?

When the underlying ETF is flat or down, accelerated ETFs are expected to perform in line with the underlying ETF. When the underlying ETF has modest, positive returns that don't exceed the cap, accelerated ETFs are expected to outperform, benefiting from the accelerated area. When the underlying ETF has large, positive returns that exceed the cap, accelerated ETFs are still expected to have positive performance, but underperform due to the cap.



For investors that purchase or sell the ETF within the outcome period, the potential performance may be different compared to purchasing the fund on day 1. 1 Source: Morningstar Direct. Based on quarterly S&P 500 price returns from 3/31/2010 to 9/30/2024. Indices are unmanaged and not available for direct investment. 2 Hypothetical scenarios is showing price changes in the Underlying ETF and assumes returns if held over the entire outcome period. The hypothetical returns shown do not include management fees or potential dividends. The Approximate cap shown is net of management fees. Hypothetical performance does not guarantee future results. For illustrative purposes only. There is no guarantee of any specific positive outcome.

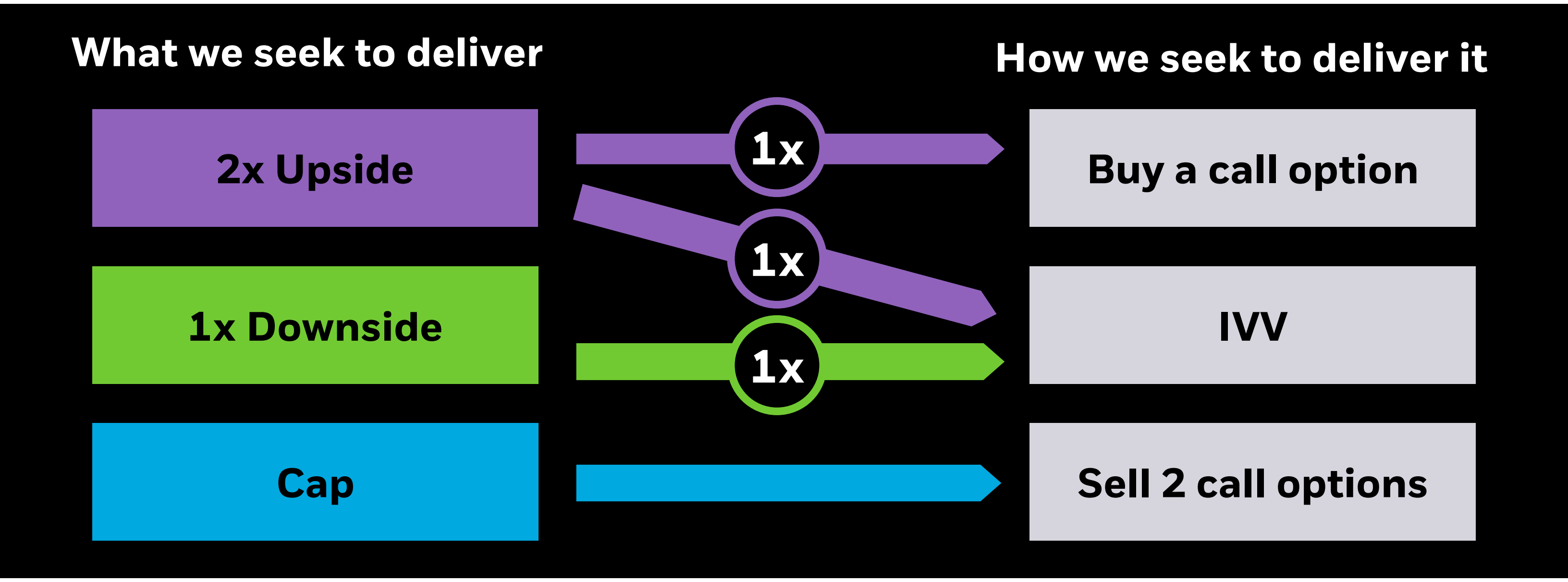
5 What does TWOX hold?

As part of its holdings, the iShares Large Cap Accelerated ETF owns IVV, the iShares Core S&P 500 ETF. It also buys and sells options on IVV to create the acceleration zone and cap:

1. Buying IVV gives investors upside and downside to the S&P 500.

2. Buying a call option on IVV gives investors additional upside potential beyond holding IVV.

3. Buying a call option costs money. To help offset this cost, twice as many call options are sold at a higher price. This establishes a cap on the acceleration area.



For illustrative purposes only. TWOX will also hold a small allocation to futures and cash.

Key features	
Inception date	1/16/2025
Underlying ETF exposure	iShares Core S&P 500 ETF
Starting cap	5.82%,[1] resets quarterly based on market conditions
Outcome period	Quarterly
Expense ratio (gross/net)	0.53%/0.50%[2]

1 As of 01/16/2025 Starting Cap is net of fees. 2 The gross expense ratio is 0.53% and the net expense ratio is 0.50% . Accelerated returns will be reduced by net fees. BlackRock Fund Advisors ("BFA"), the investment advisor to the Fund and affiliate of BlackRock investments, LLC has a contractual fee waiver in effect until 11/30/30. Please see the Fund's prospectus for more details.

6 Is TWOX the same as a leveraged ETF?

No, leveraged ETFs typically seek to provide leveraged returns on a daily basis rather than an outcome period without any caps. They are generally used tactically and held for short periods of time, often intra-day.

Our approach: TWOX offers accelerated return potential within a pre-determined range of price returns over a quarterly outcome period rather than daily. This is consistent with our Outcome ETF suite, where we aim to deliver a specific result over the "outcome period" making it easier to use outcome ETFs as a long-term holding in portfolios.

7 How are accelerated ETFs different than structured notes?

Both accelerated ETFs and structured notes can provide investors with similar outcomes, but there are important differences in the product structure and client experience when compared to each other.

	Product structure	Potential benefits	Considerations	Risks
Accelerated ETFs	Uses exchange-listed options which are centrally cleared	Generally, have low minimums, high liquidity, and transparency into holdings	Cannot be customized to the individual investor	An investor's risk and return experience may be different if the fund is purchased within the outcome period
Structured notes	Use over-the-counter (OTC) derivatives	Allow for greater customization and investor-specific entry points	Tend to have higher minimum investment requirements[1] and embedded fees[2]	Subject to the credit risk of the issuing entity and potentially limited liquidity in the secondary market

8 How does TWOX compare to other accelerated ETFs?

Accelerated ETFs can vary by provider. Some use different outcome periods (e.g., annual vs. quarterly) and structure their accelerations areas differently (e.g., 2x vs.3x). **TWOX has a quarterly outcome period** and like our Buffer ETFs, it seeks to offer the highest caps and the lowest fees through the fund's structure, which includes holding IVV instead of just options.

1 Source: Forbes Advisor. The minimum investment to buy a structured note can be high—often around $250,000. https://www.forbes.com/advisor/investing/what-are-structured-notes
2 Source: Morningstar. According to a Morningstar review of 50 notes issued in the United States at the beginning of 2020, the issuer-reported fair values were on average about 97.1% of the value investors paid to purchase the note, which translates into an average markup or embedded fee of 2.9%. https://www.morningstar.com/bonds/13-yield-what-could-go-wrong

9 Do I have to buy at the start of the outcome period?

No, an investor can buy the ETF at any point, however, their potential risk and return may be different compared to investors who purchased the product on day 1. The remaining acceleration zone and remaining cap level will depend on movements in the underlying ETF's price, as well as changes in volatility, interest rates, and time remaining to the end of the outcome period.

If you were to buy the fund intra-period and hold through the outcome period, your entry point would determine how much you can benefit from the acceleration area. **Buying intra-period while the ETF is within or above the acceleration area can lead to accelerated losses.**

BlackRock publishes daily metrics related to the remaining benefits of the acceleration period and caps for the outcome period on the product webpage. Investors can consult these metrics to determine their entry point. Once the Accelerated ETFs resets at the end of the quarter with new caps, the investor can expect the full participation moving forward if the investor holds it over the entire outcome period.

Understanding entry points*

Entry point	Upside experience	Downside experience
Below acceleration zone	1x upside until the start of the acceleration zone, then 2x upside up to the cap	1x downside
In acceleration zone	2x upside, but with a lower remaining cap	Potential for 2x downside until the acceleration zone start, then 1x
Above acceleration zone	Limited upside	Potential for 2x downside in the acceleration zone, then 1x

!

Example: Bought TWOX after IVV was up 2% and TWOX was up 4%
In this scenario, an investor would have a lower remaining cap and may experience accelerated downside losses since a 2% loss in IVV would result in a 4% loss in TWOX.

For illustrative purposes only. The information presented does not take into consideration commissions, tax implications, or other transactions costs, which may significantly affect the economic consequences of a given strategy or investment decision

10 What happens in the "acceleration zone"

In the acceleration zone, investors have exposure to both IVV and the call option on IVV.

When the underlying ETF is trending up in the acceleration zone, gains may be accelerated, benefiting from both positions.

When the underlying ETF is trending down within the acceleration zone, losses may also be accelerated by having IVV go down and the value of the call option going down at the same time.

Additional factors that can impact the price movements are time left in the outcome period, volatility and the value of the short calls that create the cap, among other factors.

Important information regarding iShares ETFs

Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Fund's prospectus or, if available, the summary prospectuses which may be obtained by visiting www.iShares.comor www.blackrock.com. Read the prospectus carefully before investing. Investing involves risk, including possible loss of principal.

There can be no guarantee that the Accelerated Funds will be successful in their investment strategy, and investors may lose some or all of their money. The outcomes are intended to be realized only by investors who hold Fund shares at the outset of the Outcome Period (as defined in the prospectus) and continue to hold the shares through the end of the Outcome Period. An investor who buys Fund shares after the start of an Outcome Period may experience lesser returns and may be exposed to greater losses than that of the Underlying ETF. An investor who sells Fund shares before the end of an Outcome Period may not fully realize the Accelerated Return. The Accelerated Funds do not provide a buffer, floor or other protection against losses experienced by the Underlying ETF. The Funds are subject to an Approximate Cap (the "Cap"), whose level depends on prevailing market conditions at the time the Cap is set at the beginning of the Outcome Period and may vary, sometimes significantly, from one Outcome Period to the next. The Accelerated Funds will not participate in gains of the Underlying ETF that are above the Cap.

Accelerated ETFs invest in FLEX Options that reference the Underlying ETF. FLEX Options are subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation, and they may be less liquid than other instruments. The value of FLEX Options may be affected by interest rate changes, dividends, actual and implied volatility levels of the Underlying ETF's share price, and the remaining time until the FLEX Options expire. Because of these factors, the Funds' NAV may not increase or decrease at the same rate as the Underlying ETF's share price.

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.

Actively managed funds do not seek to replicate the performance of a specified index, may have higher portfolio turnover, and may charge higher fees than index funds due to increased trading and research expenses.

Investment comparisons are for illustrative purposes only. To better understand the similarities and differences between investments, including investment objectives, risks, fees and expenses, it is important to read the products' prospectuses.

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. The information presented does not take into consideration commissions, tax implications, or other transactions costs, which may significantly affect the economic consequences of a given strategy or investment decision.

The Funds are distributed by BlackRock Investments, LLC (together with its affiliates, "BlackRock").

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by S&P Dow Jones Indices LLC, nor does this company make any representation regarding the advisability of investing in the Funds. BlackRock is not affiliated with S&P Dow Jones Indices LLC.