

GET BONDS THAT CAN ACT LIKE STOCKS

Convertible bonds offer the growth potential of stocks and the downside risk management of bonds



iShares Convertible Bond ETF¹

Expense Ratio: 0.20%
30-Day SEC Yield: 3.03%
Effective Duration: 1.41 years

Key takeaways



Potential for Upside Participation and Downside Protection – Convertible bonds tend to offer characteristics of both bonds and stocks



Low Cost – At a 0.20% expense ratio, ICVT is a low cost way to access convertible bonds



Diversification – Convertible bonds have demonstrated a low correlation to traditional core bonds and can potentially provide attractive diversification benefits within a portfolio²

Convertible bonds 101

Convertible bonds are bonds that have the optionality to convert to a fixed number of shares of the issuer's common stock.

If the stock price appreciates, the bond holder has the option of converting the bond to common stock.

Most convertible bonds have maturity dates between 5 and 30 years and are convertible at any time.

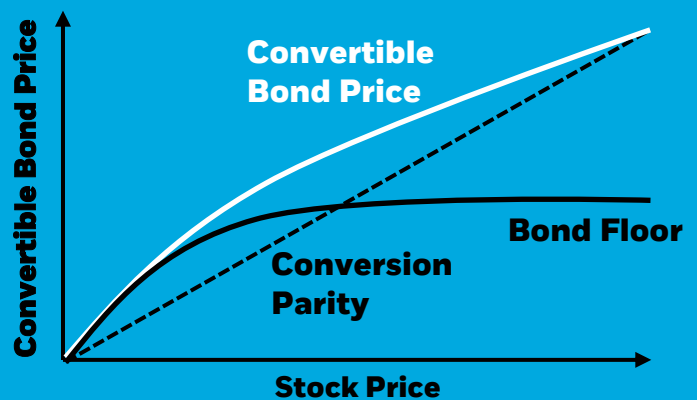
If the bond is not converted, it will mature and pay back par value.

How convertible bonds react to changes in issuer's stock price

Stock Price Appreciates: The convertible bond's price tends to rise and trade more like the stock.

Stock Price Depreciates: The convertible bond tends to act more like a bond since the likelihood of converting to stock decreases, making it increasingly sensitive to interest rates and credit risk.

Little or No Stock Price Change: The convertible bond's price tends to be sensitive to both changes in the stock price and changes in interest rates and credit risk. Most newly issued convertible bonds have exhibited this behavior.



For illustrative purposes only

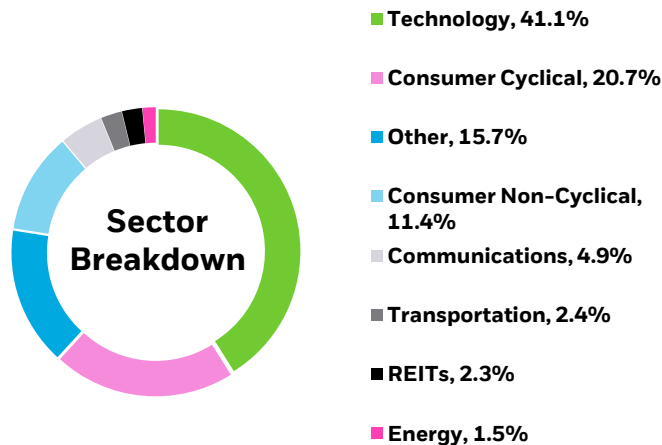
¹ BlackRock as of 3/31/2024. **Past performance does not guarantee future results. For standardized performance, see the end of this document.**

² Source: Bloomberg as of 3/31/2024. The correlation of convertible bonds to traditional core bonds is 0.99. Convertible bond and traditional core bond correlation use the Bloomberg U.S. Convertible Cash Pay Bond >\$250mm Index and the Bloomberg U.S. Aggregate Bond Index, respectively. Correlation is based on 3 years from 3/31/2021-3/28/2024.

How do convertible bonds fit into a portfolio?

Convertible bonds can be utilized in both fixed income and multi-asset portfolios.

- **Potential for upside participation and downside protection** – Convertible bonds are uniquely positioned to offer the growth potential of stocks, but with the income and downside risk management characteristics of traditional bonds.
- **Seek to guard against rising rates** – In rising rate environments, stocks tend to outperform bonds. Since a convertible bond's price is influenced by the value of its underlying equities, its price is generally less influenced by changes in interest rates than other fixed income securities.
- **Potential portfolio diversification** – Convertible bonds have demonstrated a low correlation to traditional core bonds and can potentially provide attractive diversification benefits within a broad portfolio.²



² Source: Bloomberg as of 3/31/2024. The correlation of convertible bonds to traditional core bonds is 0.99. Convertible bond and traditional core bond correlation use the Bloomberg U.S. Convertible Cash Pay Bond >\$250mm Index and the Bloomberg U.S. Aggregate Bond Index, respectively. Correlation is based on 3 years from 3/31/2021-3/28/2024. ³ BlackRock as of 3/31/2024. Sectors shown are based on Barclays Sectors Level 3 classification.

What happens when a bond matures or converts?

iShares portfolio managers typically do not convert bonds before maturity. Typically, the bonds will remain outstanding until maturity. At maturity, the issuer will repay the greater of the par value or the conversion value. The conversion value can be paid in cash or in shares of the common stock. The portfolio managers will rebalance the fund on a monthly basis to account for bonds that have converted into equity and changes in index composition due to new issues, calls, bond amounts outstanding falling to below \$250mm or credit events.

Example: Issuer ABC issues a 5-year convertible bond with a conversion ratio of 200 shares and the conversion price is \$5 per share and a coupon of 1%. The par value of this bond is \$1,000.

Bond conversion value = Conversion Ratio * Stock price = 200 shares * \$5/ share = \$1,000

Scenario 1: Stock Price Rises

If the issuer's stock price rises, the ETF would receive the repayment of the conversion value of the bond in cash or 200 shares of the common stock at maturity.

If the stock price of ABC rises to \$7 per share, the bond would mature with a value of \$1,400 (200 * \$7).

Scenario 2: Stock Price Declines

If the issuer's stock price falls, the ETF would receive the repayment of the par value at maturity.

If the stock price of ABC falls to \$3 per share, the bond would mature with a conversion value of \$600 (200 * \$3). The issuer would repay the original par value of \$1,000.

For illustrative purposes only.

Fees as of current prospectus. All other data as of 3/31/2024

Standardized Performance as of 3/31/2024 Fund name	Fund inception date	Expense ratio	30-day SEC yield	1-year returns		5-year returns		10-year returns		Since inception	
				NAV	Mkt price	NAV	Mkt price	NAV	Mkt price	NAV	Mkt price
iShares Convertible Bond ETF	06/02/2015	0.20%	3.03%	11.51%	12.12%	10.43%	10.47%	--	--	9.14%	9.18%

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.

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.

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 and, if available, 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. Convertible securities are subject to the market and issuer risks that apply to the underlying common stock. The methodology of the index that ICVT seeks to track does not provide for the conversion of the convertible bonds in the index and ICVT is not obligated to exercise the conversion feature associated with those securities, even if it is economically beneficial to do so. Diversification may not protect against market risk or loss of principal. Buying and selling shares of ETFs may result in brokerage commissions.

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