



iShares®

iShares Edge MSCI USA Value Factor Index ETF



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Key benefits:

- Exposure to value factor premium
- Simple rule-based strategy using intuitive stock selection
- Diversified sector exposure

ETF Characteristics

Number of holdings: 1

Average number of underlying holdings: 150

Management Fee: 0.30%

Benchmark Index: MSCI USA Enhanced Value Index

Benchmark Parent Index: MSCI USA Index

Distribution frequency: Quarterly

Accessing undervalued U.S. companies with ease

The iShares Edge MSCI USA Value Factor Index ETF aims to capture the performance of U.S. large- and mid-capitalization companies with stronger value characteristics.

1. Exposure to value factor premium

- Value has been identified as one of the persistent long-term drivers of excess returns.
 - › The MSCI USA Enhanced Value Index has outperformed the MSCI USA Index by 1.55% annually over the past 22 years¹.
- Value stocks are pro-cyclical in nature, and have tended to benefit during market recovery.

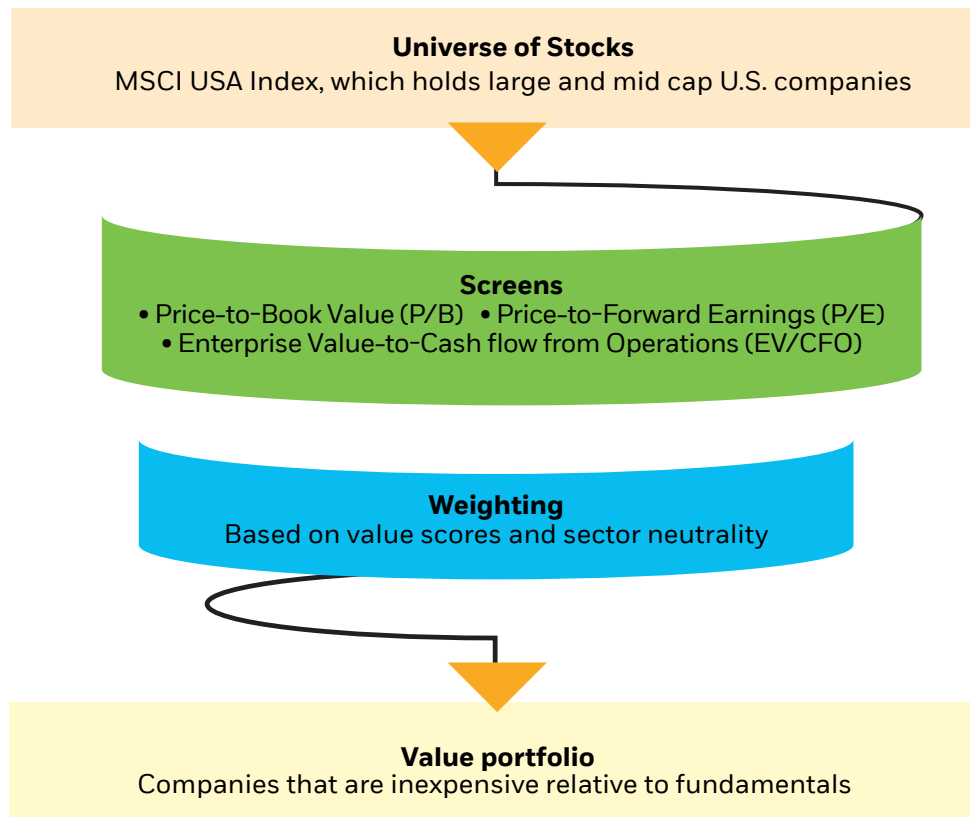
2. Simple, rule-based strategy using intuitive stock screening

- XVLU selects stocks with strong value characteristics based on:
 - › Price-to-Forward Earnings (Forward P/E): calculates the stock price as a multiple of company earnings. Research shows that using forward earnings has helped provide protection against value traps.
 - › Price-to-Book Value (P/B): calculates the stock price as a multiple of book value.
 - › Enterprise Value-to-Cash flow from Operations ratio (EV/CFO): using whole-firm valuation measures, such as enterprise value, has helped to reduce concentration in highly leveraged companies.
- Using these three fundamental variables to capture the value factor is grounded in decades of rigorous scientific research, while at the same time they are simple and intuitive metrics for investors to understand.

3. Diversified sector exposure

- Designed to keep the sector weights similar to the broad market, mitigating potential sector biases.
- Simple factor strategies can have large sector bets that persist through time. XVLU adopts sector neutral weights, which avoids large sector over/underweights and gains diversified sector exposure.

¹ Source: MSCI, Inc.; Annualized return between Nov 1997 and Jun 2019. The MSCI USA Enhanced Value Index was launched on Dec 12, 2014. Data prior to the launch date is back-tested data (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance – whether actual or back-tested – is no indication or guarantee of future performance.

Index Methodology

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