



iShares MSCI USA
Momentum Factor Index ETF

Key benefits:

- Exposure to momentum factor premium
- Mindful index construction to avoid common momentum strategy pitfalls
- Simple rule-based strategy using intuitive stock screening

ETF Characteristics

Number of holdings: 1

Aggregate number of underlying holdings: 125

Management Fee: 0.30%

Benchmark Index: MSCI USA Momentum Index

Benchmark Parent Index: MSCI USA Index

Distribution frequency: Quarterly

Accessing upward trending U.S. stocks with ease

The iShares MSCI USA Momentum Factor Index ETF aims to capture the performance of U.S. large- and mid-capitalization companies with high price momentum while avoiding common momentum strategy pitfalls.

1. Exposure to momentum factor premium

- The momentum strategy aims to exploit the tendency that winning stocks continue to perform well in the near term.
 - › The MSCI USA Momentum Index has outperformed the MSCI USA Index by 3.51% annually over the past 25 years¹.
- The momentum factor is historically persistent and tends to outperform under stable market conditions.

2. Mindful index construction to avoid common momentum strategy pitfalls

The index is carefully constructed with the following key features:

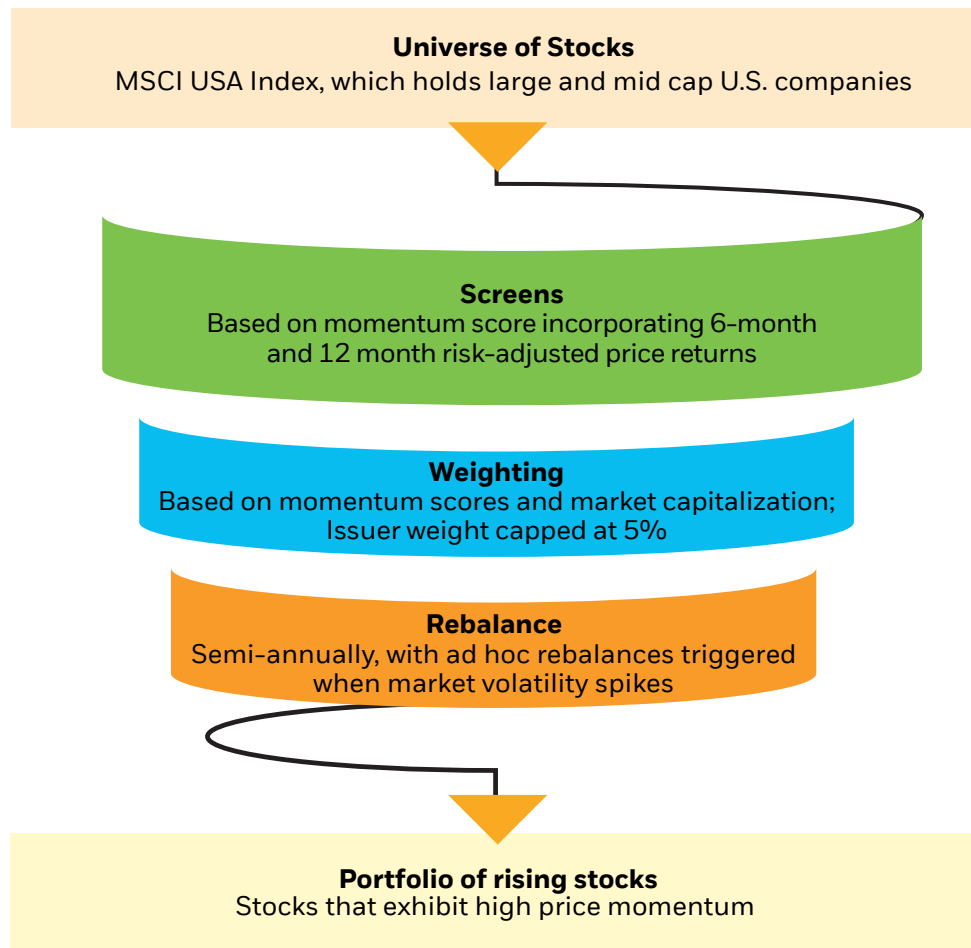
- **Risk managed** – each stock is scored on its risk-adjusted performance, as opposed to simple period returns, with the goal of mitigating momentum crashes and reducing unnecessary turnover.
- **Reduced turnover** – the index is rebalanced at a moderate frequency of semi-annual, keeping turnover and trading costs to a reasonable level.
- **Fast Response** – Ad hoc rebalancing may occur, triggered by spikes in market volatility. This allows quick response during abnormal times.
- **Data Precision** – Performance metrics are calculated using 6-month and 12-month data, omitting the most recent month to allow for short-term reversal effects.

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

- XMTM selects high momentum securities based on intuitive screens of 6-month and 12-month performance.
- The prevalence of the momentum factor premium is grounded in decades of rigorous scientific research, while at the same time they are simple and intuitive metrics for investors to understand.

¹ Source: MSCI, Inc.; Annualized return between Jul 1994 and Dec 2019. The MSCI USA Momentum Index was launched on Feb 15, 2013. 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



RBC iShares ETFs are comprised of RBC ETFs managed by RBC Global Asset Management Inc. and iShares ETFs managed by BlackRock Asset Management Canada Limited ("BlackRock Canada"). Commissions, trailing commissions, management fees and expenses all may be associated with investing in exchange traded funds (ETFs). Please read the relevant prospectus before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. Tax, investment and all other decisions should be made, as appropriate, only with guidance from a qualified professional.

MSCI is a trademark of MSCI, Inc. ("MSCI"). XMTM is permitted to use the MSCI mark pursuant to a license agreement between MSCI and BlackRock Institutional Trust Company, N.A., relating to, among other things, the license granted to BlackRock Institutional Trust Company, N.A. to use the Index. BlackRock Institutional Trust Company, N.A. has sublicensed the use of this trademark to BlackRock. XMTM is not sponsored, endorsed, sold or promoted by MSCI and MSCI makes no representation, condition or warranty regarding the advisability of investing in XMTM.

This information should not be relied upon as a primary basis for an investment decision. Rather, an assessment should be made as to whether the information is appropriate in individual circumstances and consideration should be given to talking to a financial advisor before making an investment decision.

®/™ Trademark(s) of Royal Bank of Canada. Used under licence. iSHARES is a registered trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. Used under licence. © 2020 BlackRock Asset Management Canada Limited and RBC Global Asset Management Inc. All rights reserved.