



iShares MSCI USA
Quality Factor Index ETF

Key benefits:

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

ETF Characteristics

Number of holdings: 1

Aggregate number of underlying

holdings: 125

Management Fee: 0.30%

Benchmark Index: MSCI USA Sector

Neutral Quality Index

Benchmark Parent Index: MSCI USA Index

Distribution frequency: Quarterly

Accessing high quality U.S. companies with ease

The iShares MSCI USA Quality Factor Index ETF aims to capture the performance of U.S. large- and mid-capitalization companies with strong fundamentals.

1. Exposure to quality factor premium

- Quality has been identified as one of the persistent long-term drivers of excess returns.
 - › The MSCI USA Sector Neutral Quality Index has outperformed the MSCI USA Index by 0.95% annually over the past 21 years¹.
- Quality stocks are more defensive in nature, and have tended to perform best at the peak of an economic cycle or at the beginning of an economic slowdown.

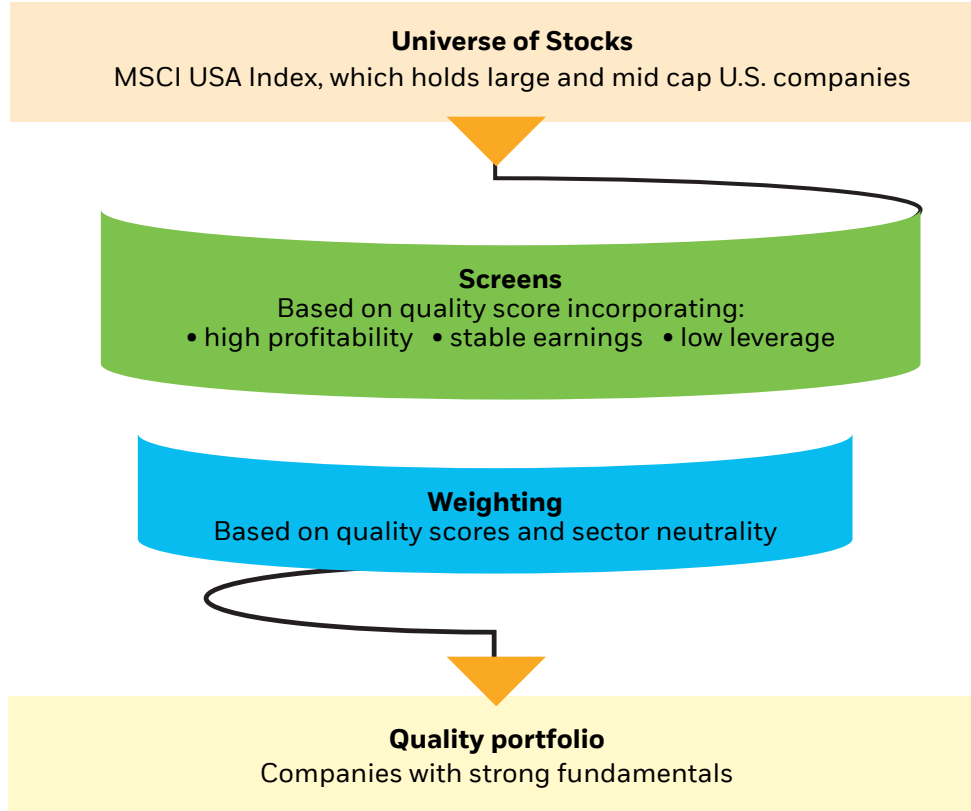
2. Simple, rule-based strategy using intuitive screening stock selection

- XQLT selects high quality securities based on three intuitive screenings:
 - › **High Profitability:** is evaluated by return on equity ratio (ROE), which indicates how effectively a company uses investments to generate earnings growth.
 - › **Stable Earnings:** is evaluated by earnings variability, which shows how smooth earnings growth has been.
 - › **Low Leverage:** is evaluated by debt to equity ratio (D/E), a measure of company financial leverage
- Using these three fundamental variables to capture the quality factor is grounded in decades of rigorous scientific research, while at the same time captured by simple and intuitive metrics that investors 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. XQLT adopts sector neutral weight, which avoids large sector over/underweights and gains diversified sector exposure.

¹ Source: MSCI, Inc.; Annualized return between Dec 1998 and Dec 2019.w The MSCI USA Sector Neutral Quality 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

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"). XQLT 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. XQLT is not sponsored, endorsed, sold or promoted by MSCI and MSCI makes no representation, condition or warranty regarding the advisability of investing in XQLT.

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.