

For professional clients only

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# Five reasons to choose indexing for sustainable

✓ Here are the five reasons why we believe sustainable indexing gives investors the clarity they need to build more sustainable portfolios

## 1. Indexing puts you in control of what type of sustainable investor you want to be.

Sustainable investing is not one size fits all and means different things to different investors. The broad range of indices available, and the transparency they offer, allow you to pick the approach that’s appropriate for your portfolio.

## 2. Sustainable indexing can help provide a consistent approach across a portfolio.

As investors transition to sustainable investing, an indexing approach may help to ensure sustainability is expressed in a consistent way across the entire portfolio. Indices are inherently rules-based, so the screens and ESG integration they deploy are repeatable, regardless of asset class or exposure.

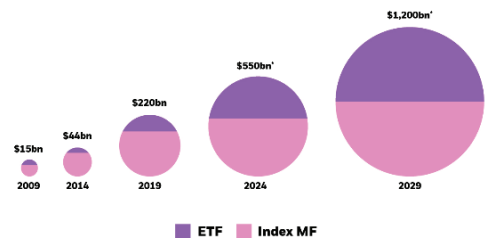
## 3. Sustainable indexing drives industry standardisation, promotes disclosure and can help motivate better corporate behaviour.

We believe that indexing is bringing clarity to the sustainable investing space by providing transparency and accelerating the adoption of new market standards. This is one of many reasons why we believe investors will choose to put an extra US\$1 trillion into sustainable index assets in the next decade.

## 4. Sustainable indices have shown resilience in difficult times.

During last year’s market dislocation, a majority of sustainable indices exhibited resilience relative to broad market benchmarks.\* We believe this is because sustainable indices are generally

Past and predicted growth of sustainable index assets (2009 -2029)



\*Projected growth. BlackRock projection, April 2020, based on Morningstar data, as of March 2020.

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comprised of companies with higher profitability and lower levels of leverage than the broader market.

\*Source: BlackRock with Q1 2020 data from Bloomberg and Morningstar as of May 7, 2020. Over 90% of sustainable indices outperformed their parent benchmark during this period of the heightened market uncertainty and drawdown.

## 5. Index fund asset managers with active investment stewardship seek to drive long-term change.

Indexing amplifies the impact of company engagements because index investors typically take a long-term view. Those who are sustainability-minded can exercise influence with companies through engagements across environmental, social and governance topics.

## Ways to align investment goals with iShares sustainable strategies

Screened	ESG Enhanced	SRI	Thematic	Impact
Clients looking to exclude companies based on controversial business practices	Clients investing to pursue similar returns to a particular benchmark and maximise ESG scores	Clients seeking to achieve concentrated ESG holdings by rewarding top ESG performers	Clients pursuing specific sustainable themes based on a company’s operations or sources of revenue	Clients investing for a measurable sustainable outcome alongside financial returns

Source: BlackRock, as at 31 March 2020

To learn more about investing in sustainable ETFs visit [iShares.com/uk](https://www.ishares.com/uk)

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