iShares
by BlackRock

iSHARES INVESTIGATES:
ETF LAUNCHES AND CLOSURES

The case for ETF launches and closures

An exchange-traded fund (ETF) may close for a number of reasons, including lack of investor interest, low assets under management (AUM) or an issuing firm's exit from the industry entirely. Like mutual fund closures, ETF closures are an essential process that contribute to a healthy market.

When launching new products, ETF sponsors consider a multitude of factors, including the evolving investment needs of clients, investor sentiment, completion of a sponsor's existing ETF product offering, as well as legal, tax and regulatory changes. BlackRock puts investors first. We consider how new iShares ETFs might improve the financial well-being of our clients.

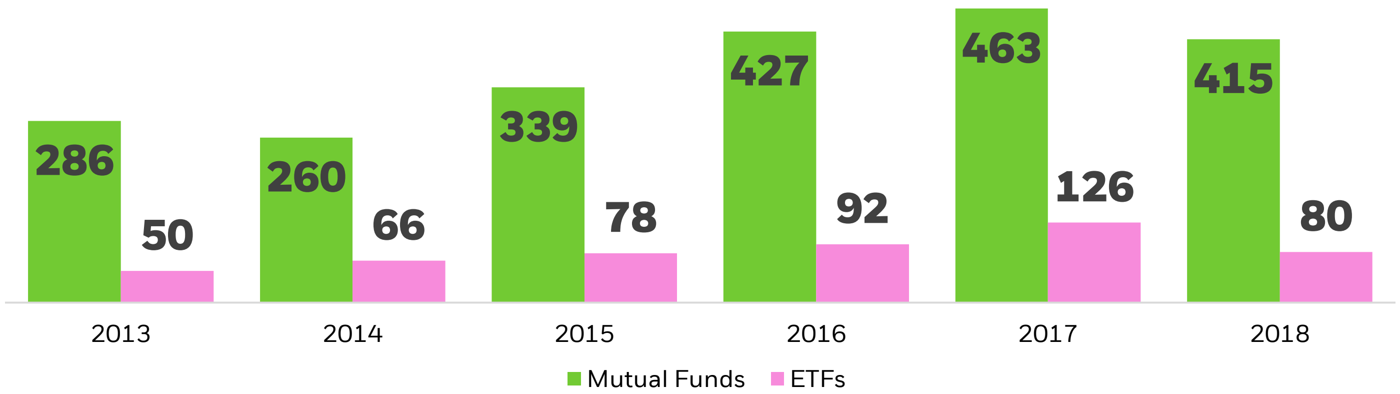
Fast facts[1]

FACT: The number of ETF closures/mergers is modest compared to mutual fund closures/mergers. Over four times more mutual funds than ETFs were closed or merged out of existence between 2013 and 2018 (492 ETFs versus 2,190 mutual funds).

FACT: The percentage of funds that closed or merged in a given year, calculated as the number of funds that closed in the year divided by the number of funds in existence at the beginning of that year, has been slightly lower for ETFs than for mutual funds. In 2018, 4.2% of ETFs were closed or merged, compared to 5.2% of mutual funds.

FACT: The number of mutual funds has been in net decline over the last three years, with over 400 closures and mergers ***each year***. By comparison, fewer than 300 ETFs were closed or merged in 2016, 2017 and 2018 ***combined***.

Figure 1: Mutual fund and ETF closures/mergers from 2013 to 2018[1]



More fast facts[1]

FACT: The net change in the number of ETFs has been positive each year from 2013 to 2018. This means that ETF openings have outpaced ETF closures and mergers for the last six years.

FACT: Despite record ETF closures and mergers in 2017, the number of ETFs still grew by 128 funds.[2]

FACT: Some products, like defined maturity ETFs, are designed to close and distribute assets on a set date.

Figure 2: Net change in number of mutual funds from 2013 to 2018

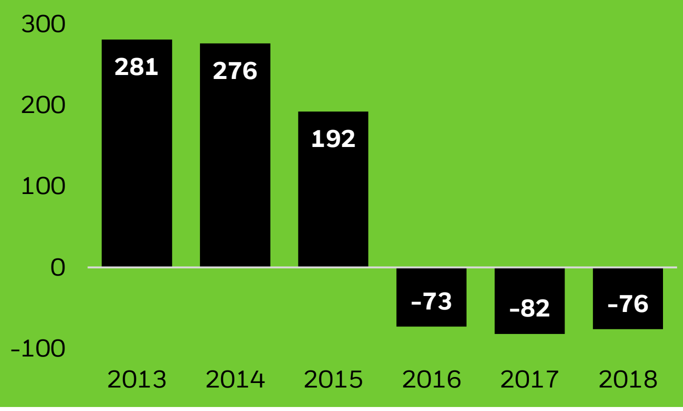
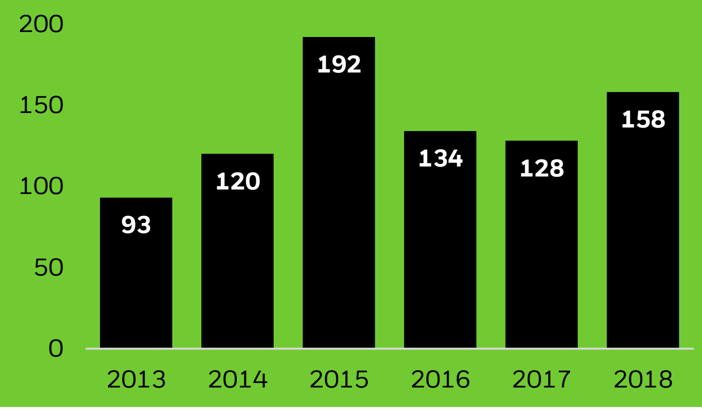


Figure 3: Net change in number of ETFs from 2013 to 2018



FACT: Funds with minimal uptake are a tax on the ecosystem. Removing funds with low trading volume is beneficial to the market because it allows liquidity providers, like market makers, to focus on other funds.

FACT: 238 ETFs were launched in 2018, with strategies ranging from multi-factor income and municipal bonds to single country equity market exposures. The broad range of funds launched demonstrates that issuers are focused on offering investors with more choices across asset classes, industries and geographies, rather than simply offering niche products.

1 Source: Cerulli, Morningstar Direct as of December 2018. Excludes closed-end funds, money market funds, NextShares and ETNs. Opened and Closed/Merged funds do not include changes in share classes, but rather the overarching strategy. **2** Other publications have cited 2018 as a historic year in ETF closures. These analyses include the closure of 50 Barclays iPath exchange-traded notes (ETNs). Our analysis excludes ETNs. Including these ETNs, the number of ETPs still grew by 108 funds in 2018.

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 or, if available, the 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.

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