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iShares by BlackRock

iShares 2025 Thematic Outlook

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2025 THEMATIC OUTLOOK

AI and geopolitics forge new paths

Three key themes for 2025

We believe AI and geopolitics will remain key themes in 2025. There are significant shifts in the underlying policies, structural dynamics, and tech developments that may drive them forward.

01

MODEST RATE CUTS COULD SUPPORT RATE- SENSITIVE ASSETS

Fed rate cuts could take pressure off interest rate sensitive companies and non-cash-flowing¹ assets

02

REBUILDING THE U.S. PHYSICAL ECONOMY

Themes centered around rebuilding the physical economy may benefit in the post-election environment, due to the intersection of policy tailwinds and structural changes

03

ARTIFICIAL INTELLIGENCE'S BUILD PHASE ACCELERATES

Massive investment in AI infrastructure, along with increasingly powerful semiconductors and models, is laying the groundwork for increased adoption

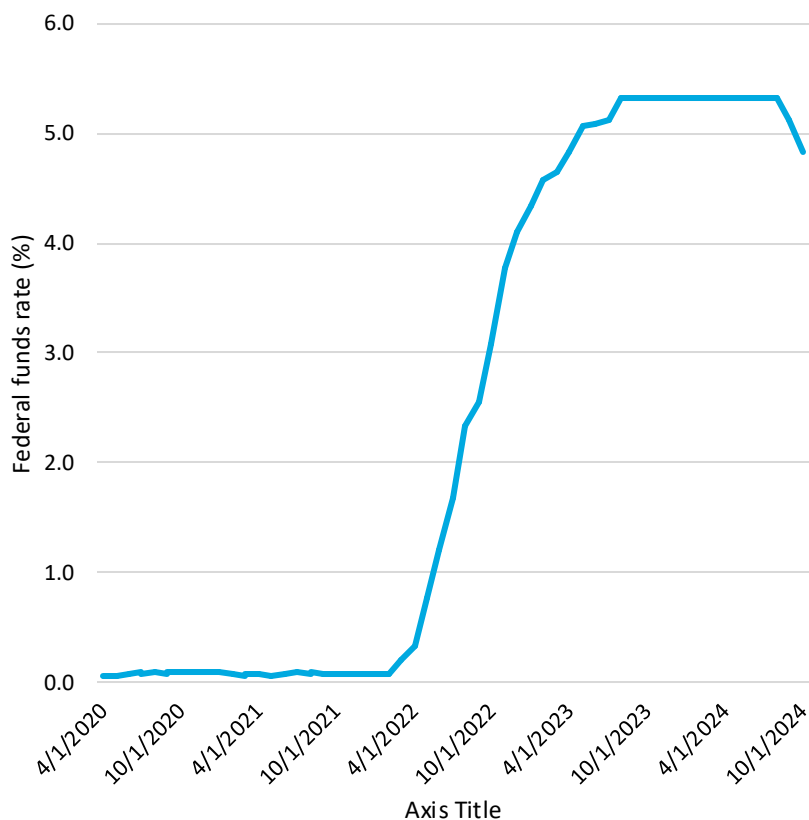
¹ Non-cash-flowing assets refer to assets that have no expectation of ever paying a dividend or coupon. This material represents an assessment of the market environment as of the date indicated; is subject to change; and is not intended to be a forecast of future events or a guarantee of future results.

Rates saw their first decline since Covid

The first cut marks an important inflection point for financial markets and for investors

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The Fed's September rate cut ends the central bank's prolonged 'pause' period...¹



...potentially benefiting firms with floating-rate debt and non-cash-flowing assets

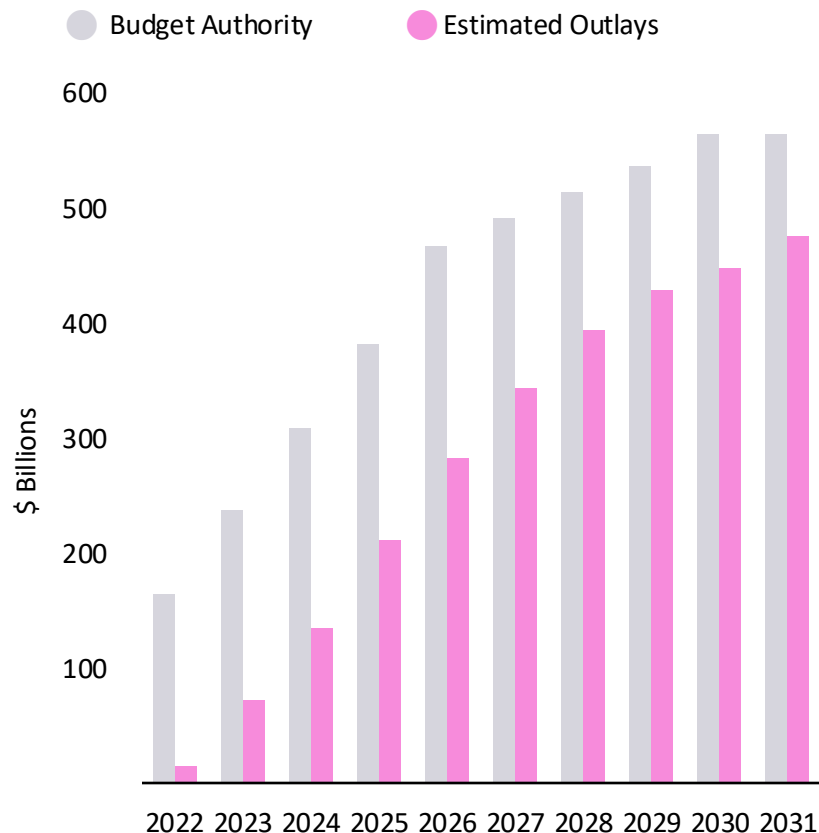
Historical 12-month forward return (%) following previous Fed cuts		
First Fed Cut	S&P 500	Russell 2000
Apr '80	40.6	65.5
Jun '81	-10.8	-21.0
Oct '84	17.5	8.9
Jun '89	17.8	-1.2
Jul '95	21.4	20.2
Jan '01	-12.4	3.8
Sep '07	-18.8	-9.1
Jul '19	11.9	-4.6
Mar '20	29.4	50.5
Sept '24	?	?

¹ Source: U.S. Federal Reserve, as of 11/11/2024. The September rate cut took place on September 18, 2024.

Source: Bloomberg, as of 10/31/2024. Showing 12m forward return as rebased to 0 on the date of the Fed cut. Index performance is for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Infrastructure + reshoring accelerating in 2025 and beyond

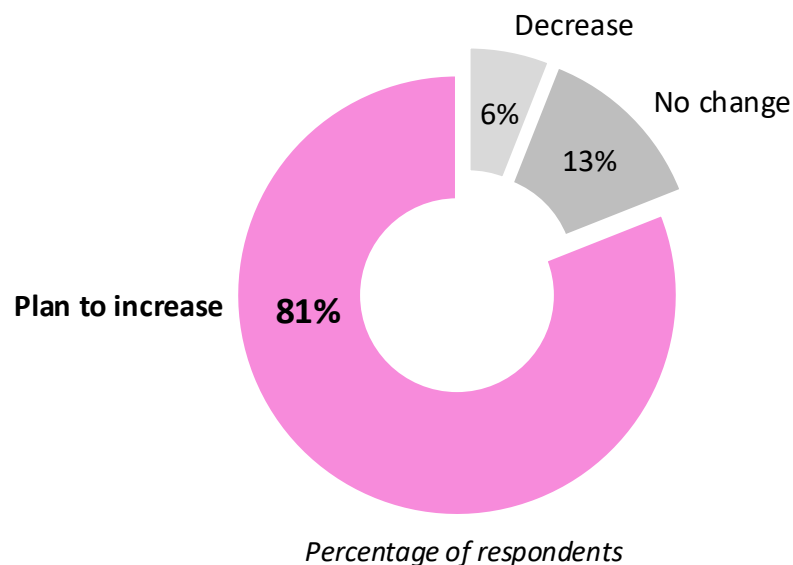
Forecast of IJA implementation supports accelerated infrastructure spending



Source: IJA stands for Infrastructure Investments and Jobs Act. BlackRock using data from Congressional Budget Office. As of October 15, 2024. For illustrative purposes only. Forward-looking estimates may not come to pass.

Companies are ramping up their reshoring plans for the next three years

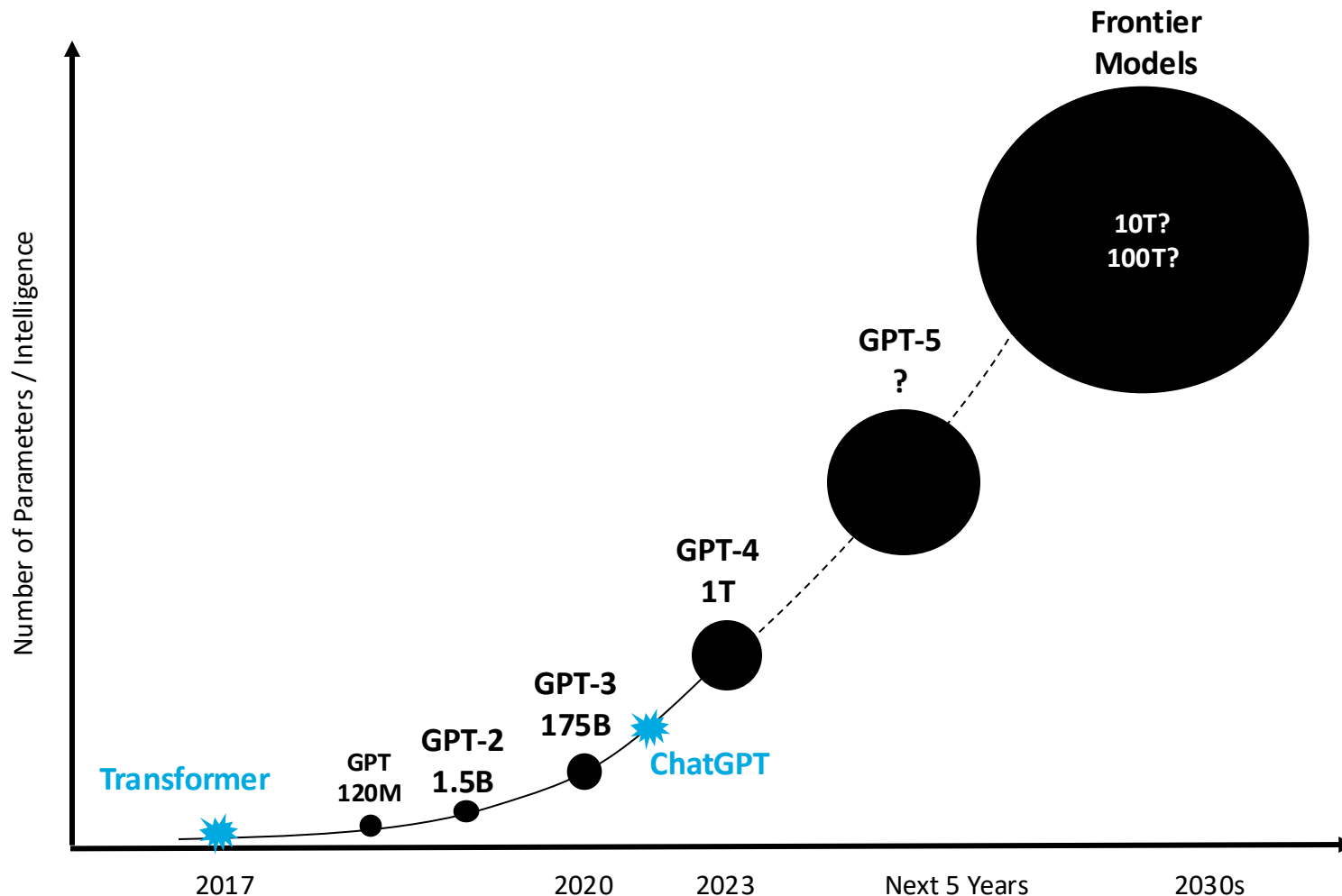
81% of CEOs and COOs surveyed in November 2024 say that they plan to bring supply chains and operations closer to market, up from 63% in 2022.



Source: Bain Resiliency Survey, 2022; Bain Ops Reinvention COO Survey, November 2024. Note: 166 global CEO and COO respondents were asked to assess their plans over the next three years. 90% of respondents manage businesses with revenues in excess of \$1 billion, more than half at companies with revenues above \$5 billion, and two-fifths with \$10 billion-plus revenues.

AI models could grow exponentially

AI scaling laws show that performance improves with larger models and more data, requiring higher compute. By 2030, AI models could use up to 10,000x more computational power than GPT-4.¹



Source: BlackRock, October 21, 2024. For illustrative purposes only. There is no guarantee that any forecasts made will come to pass. Views are subject to change. ¹ Singularity Hub, "AI Models Scaled Up 10,000x Are Possible by 2030, Report Says," August 29, 2024. GPT-4 is a large language model created by OpenAI for natural language processing and text

2025 Thematic Outlook

Gain exposure to assets that may benefit from the emergence of themes in 2025 – amid shifts in monetary policy, fiscal policy following elections, and new technological advancements in AI.

1.

**MODEST RATE CUTS COULD
SUPPORT SENSITIVE ASSETS**

2.

**REBUILDING
THE U.S. PHYSICAL
ECONOMY**

3.

**AI'S
BUILD PHASE
ACCELERATES**

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1. The iShares Bitcoin Trust ETF is not an investment company registered under the Investment Company Act of 1940, and therefore is not subject to the same regulatory requirements as mutual funds or ETFs registered under the Investment Company Act of 1940.

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Investing involves risk, including possible loss of principal.

Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and than the general securities market. AI technology relies on large data sets, which can lead to inaccuracies. Companies in AI face competition, rapid obsolescence, and depend on demand from various industries. Regulatory scrutiny could limit AI development, with data collection facing closer examination and potential fines. Country-specific regulations could also impact AI and big data companies.

iShares Bitcoin Trust ETF (IBIT)

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Investing involves a high degree of risk, including possible loss of principal. An investment in the Trust is not suitable for all investors, may be deemed speculative and is not intended as a complete investment program. An investment in Shares should be considered only by persons who can bear the risk of total loss associated with an investment in the Trust.

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