



iShares

# iShares MSCI USA Momentum Factor Index ETF



iShares MSCI USA  
Momentum Factor Index ETF

## Key benefits:

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

## ETF Characteristics

**Management fee:** 0.30%

**Benchmark index:** MSCI USA Momentum SR Variant Index<sup>1</sup>

**Benchmark parent index:** MSCI USA Index

**Target aggregate underlying holdings:** 125

**Distribution frequency:** Quarterly

## Accessing upward trending U.S. stocks with ease

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

### 1. Exposure to the momentum factor premium

- The momentum strategy aims to exploit the tendency that winning stocks continue to perform well in the near term.
- The momentum factor is historically persistent and tends to outperform under stable market conditions.

### 2. Thoughtful 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 once per quarter, keeping turnover and trading costs to a reasonable level.
- **Responsive** – Ad hoc rebalancing may occur, triggered by spikes in market volatility. This allows for a 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.

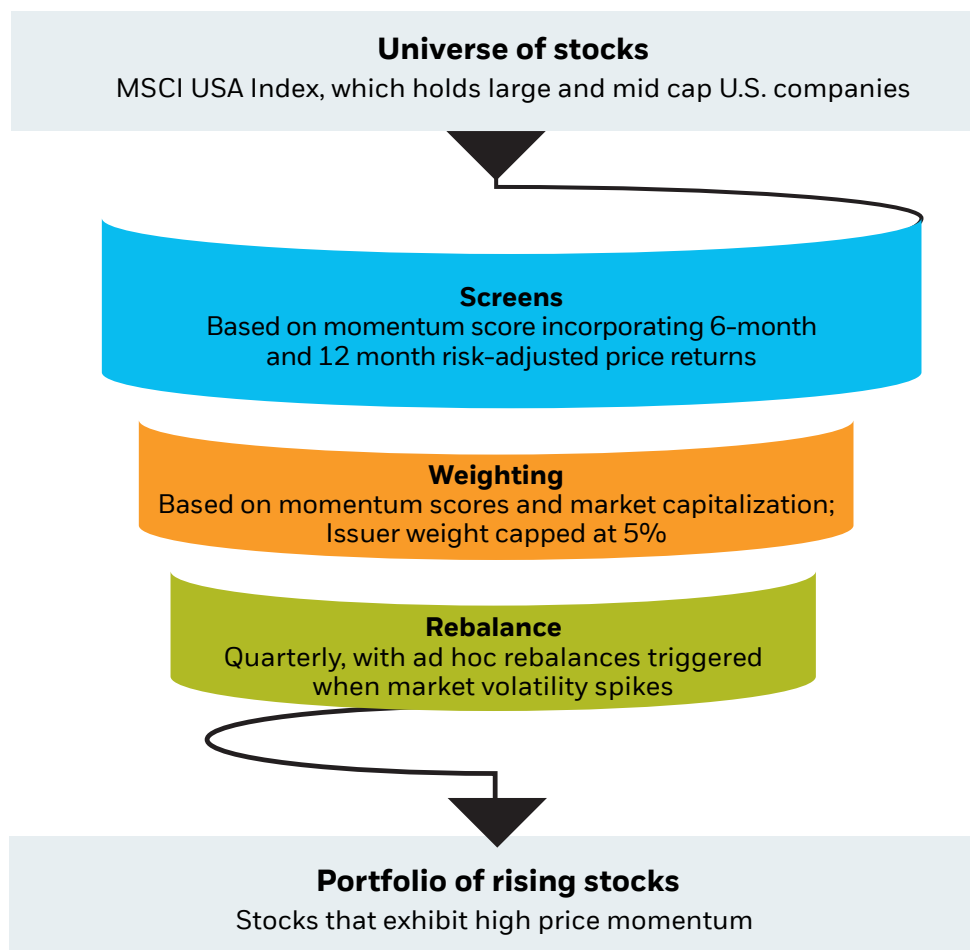
### 3. Simple, rules-based strategy using intuitive stock screening

- 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 being simple and intuitive metrics for investors to understand.

<sup>1</sup>On November 23, 2020, the ETF's index changed from the MSCI USA Momentum Index to the MSCI USA Momentum SR Variant Index. Consequently, the performance prior to November 23, 2020 may have been different than it would have been if this change to the ETF had been in place during the applicable performance measurement periods set out above.

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## Index methodology



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Investing involves risk, including possible loss of principal.

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