

# BlackRock Select Factor Index

Dynamic factor based strategy focused on stability through changing market environments

## Strategy

The BlackRock Select Factor Index seeks to generate consistent returns while managing volatility through changing market environments.

## Approach

The Index dynamically allocates among five equity style factors each backed by strong academic evidence. In addition, the Index monitors macroeconomic signals and adjusts positioning according to current economic conditions.

## Holdings

Equity ETFs, Fixed Income ETFs, Cash

## Features

Dynamic and diversified multi-factor strategy targets long run returns backed by strong economic rationale.

## Ticker

BSELFCTX

## BlackRock

BlackRock, Inc. is an American multinational investment management corporation based in New York City. Originally, a risk management and fixed income institutional asset manager, BlackRock is now the world's leading asset manager, with \$8.67 trillion in assets under management as of January 2021.

BlackRock is a leader in factor investing, launching the first factor fund in 1971 and has driven innovation in the category for more than 40 years.

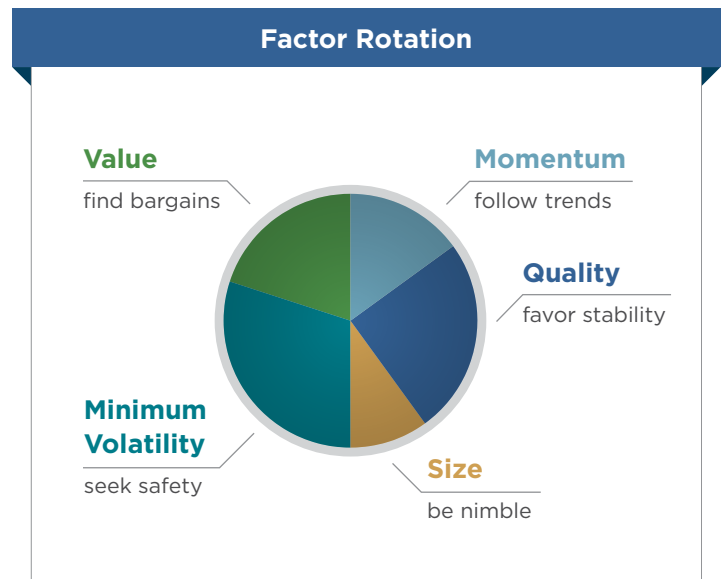
## BlackRock Select Factor Index selection process

Factor investing is an approach that involves targeting specific drivers of returns across asset classes. Backed by academic research, factor investing can help improve returns, reduce volatility and enhance diversification.

The Index starts with five broadly diversified factor ETFs, identifies the most attractive opportunities based upon the current market environment, valuations and current trends, and then dynamically adjusts exposure.

The index seeks to partially mitigate broad market risk by hedging broad equity exposure. When economic conditions are volatile, the Index further reduces equity exposure by shifting to bonds. When conditions are favorable, the index shifts back into equities. The Index also allocates to cash to help smooth returns and target 5% volatility.

There can be no guarantee that the BlackRock Select Factor Index approach will meet its objectives.



## Summary of the investment universe

| Strategy                     | Name                                 | Ticker |
|------------------------------|--------------------------------------|--------|
| <b>US Factor Rotation</b>    | iShares MSCI USA Value Factor ETF    | VLUE   |
|                              | iShares MSCI USA Quality Factor ETF  | QUAL   |
|                              | iShares MSCI USA Momentum Factor ETF | MTUM   |
|                              | iShares MSCI USA Size Factor ETF     | SIZE   |
|                              | iShares MSCI Min Vol USA Factor ETF  | USMV   |
| <b>Equity Benchmark</b>      | iShares Core S&P 500 ETF             | IVV    |
| <b>Managed Risk Exposure</b> | iShares 1-3 Year Treasury Bond       | SHY    |
|                              | iShares 20+ Year Treasury Bond       | TLT    |

The equity factor rotation occurs monthly. The broad market equity hedge and bond allocations are determined daily, and allocated to over the next 5 business days. To help maintain the consistent 5% volatility target, the index can also allocate to cash daily.

**Designed by BlackRock, the world's leading asset manager. For more information, visit [BlackRock.com/SelectFactor](https://www.blackrock.com/selectfactor).**

This Index Overview must be used in conjunction with the Nationwide Defined Protection Annuity Client Guide.



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