

**BlackRock**

# **BlackRock U.S. Equity Bitcoin Balanced Risk Index Series**

Frequently asked questions



## 1 What is the BlackRock U.S. Equity Bitcoin Balanced Index Series?

The BlackRock U.S. Equity Bitcoin Balanced Risk Index Series is a custom index suite developed by BlackRock Index Services, designed to provide diversified exposure to both traditional and digital assets while maintaining a specific volatility target.

It combines three key constituents:

- **iShares Core S&P 500 ETF (IVV)** for broad U.S. equity exposure
- **iShares Bitcoin Trust ETF (IBIT)**<sup>1</sup> for digital asset exposure
- **Cash** for more stability

The index uses a balanced risk approach that seeks to ensure that IVV and IBIT contribute equally to the overall risk profile.

In July 2025, BlackRock launched the following Index Series:

- BlackRock U.S. Equity Bitcoin Balanced Risk **8%** Index
- BlackRock U.S. Equity Bitcoin Balanced Risk **10%** Index
- BlackRock U.S. Equity Bitcoin Balanced Risk **12%** Index




Each Index in the Series seeks to track a predetermined, Target Volatility.

## 2 What is bitcoin?

Bitcoin is a fixed-supply, decentralized, global monetary alternative that may benefit from increasing global disorder and declining trust in institutions and government-issued currencies.

Bitcoin is the world's predominant crypto asset, with a market capitalization of approximately \$2.2 trillion, representing more than 50% of the total market capitalization of all crypto assets excluding stablecoins.<sup>2</sup> Many investors believe that increased adoption of blockchain technology and crypto assets will drive further adoption and trading of bitcoin, given its position as the most widely adopted and liquid crypto asset within the digital asset ecosystem.

<sup>1</sup> 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. <sup>2</sup> Source: CoinMarketCap as of October 29, 2025. <sup>3</sup> Bitcoin White Paper "Bitcoin: A Peer-to-Peer Electronic Cash System" (2008). Forward looking estimates may not come to pass. There is no guarantee that the current 21 million supply cap for outstanding bitcoin, which is estimated to be reached by approximately the year 2140, will not be changed. <sup>4</sup> Source: BlackRock Global Business Intelligence, as of December 31, 2025. <sup>5</sup> Structured Retail Products 2025 Awards, September 17, 2025.

	<b>Fixed maximum supply of 21 million units, with supply growth declining every 4 years<sup>3</sup></b>
	<b>Digitally-native and borderless, permitting near-instantaneous, global transfers of value</b>
	<b>Blockchain technology removes need for centralized authority, reducing the risk of certain seizure or censorship</b>

## 3 What is IBIT?

The iShares Bitcoin Trust ETF (IBIT) is a spot bitcoin exchange-traded product developed by BlackRock, offering direct exposure to bitcoin through a regulated and secure structure.

Unlike futures-based or crypto equity funds, IBIT is 100% physically backed by bitcoin held in institutional custody via Coinbase. IBIT gives investors exposure to bitcoin via traditional brokerage platforms – including in IRAs and 401(k)s – without the complexities of managing private keys or crypto wallets.

Since its launch in January 2024, IBIT has become the fastest-growing ETP (Exchanged Traded Product) in history, having amassed over \$50 billion<sup>4</sup> in assets under management after less than 12 months of trading.

## 4 How is this Index different from other custom indexes?

- **Simple index design that contains IVV, IBIT and Cash with a Volatility Target:** May enhance traditional exposures with a rapidly growing asset class, while introducing a faster-responding volatility-control mechanism designed to help manage index volatility with IBIT as a constituent.
- **Sophisticated portfolio construction:** Designed to derisk from IBIT to IVV during IBIT's elevated volatility regimes.
- **Adaptive Risk Control features:** A patent-pending, award-winning volatility-control methodology inspired by BlackRock AI Labs. This same patent pending Adaptive Risk Control technology powers the BlackRock Adaptive U.S. Equity 7% Index, which was named Index of the Year for Annuities at the 2025 SRP Americas Awards,<sup>5</sup> recognizing its innovation and impact.

## 5 How does the BlackRock U.S. Equity Bitcoin Balanced Risk Index Series work?

### 1) Balancing risk

Risk is the key driver of asset allocation between IBIT and IVV. The index dynamically adjusts the weight of each asset to seek a balanced risk level.

#### Pre-volatility control allocations

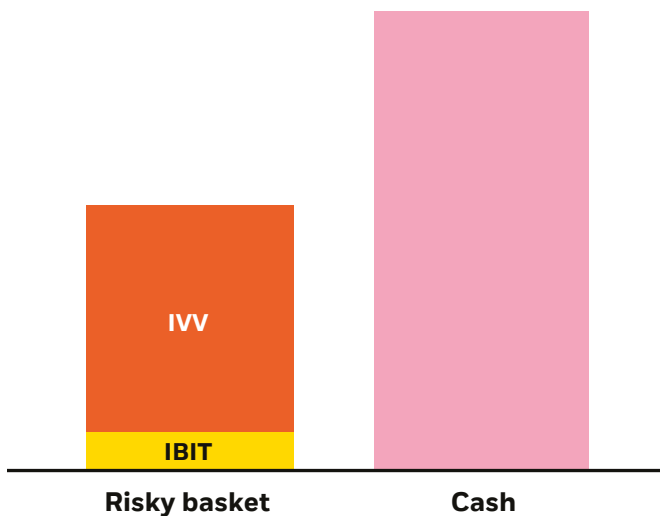
IBIT volatility	BlackRock U.S. Equity Bitcoin Index Series allocation
If IBIT's volatility increases	Decreased allocation to IBIT
If IBIT's volatility decreases	Increased allocation to IBIT

For illustrative purposes only.

### 2) Adaptive volatility control

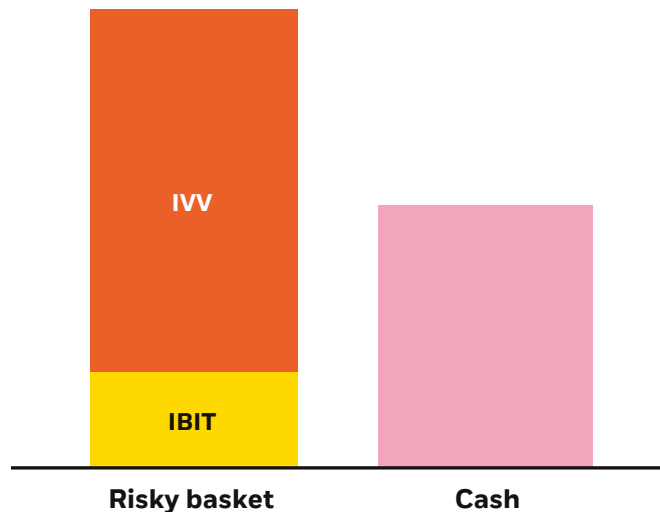
The index automatically rebalances between the "Risky basket" of IVV + IBIT, and cash, learning from recent performance and market conditions to target a stable risk level.

#### Higher volatility environment leads to a higher cash allocation



For illustrative purposes only.

#### Lower volatility environment leads to a lower cash allocation



For illustrative purposes only.

### 3) Other index features

- **Capped exposure:** Bitcoin exposure is capped at 25%, helping manage volatility.
- **Excess return structure:** The index seeks returns above the Federal Funds Rate.
- **No embedded fees:** There are no additional index fees built into the index.

#### Index facts

<b>Inception date</b>	Jun 30, 2025
<b>Index ticker</b>	BUEBTC10
<b>Index sponsor</b>	BlackRock
<b>Return type</b>	Excess return

## 6 How often does it rebalance?

The Index rebalances daily to adjust for market conditions. Additionally, the index undergoes a comprehensive review once a year to determine if any changes to the structure are needed to meet its objectives.

## 7 What is volatility control, and why is it important?

Volatility control in custom indices helps manage risk by seeking to stabilize returns. This technique is particularly important during market turbulence when assets experience large price swings that can lead to negative returns and/or significant drops (drawdowns).

Volatility control techniques can serve as buffers for investment performance. They can help steady investment paths and reduce the likelihood of sharp declines.

Since volatility control can also limit gains at times, it's best suited for investors who seek to lower overall risk.

To learn more about volatility control in custom indices, please access the [Beyond the benchmark, innovations in custom indices](#) paper.

## 8 What is the Adaptive Risk Control methodology?

The Adaptive Risk Control is a patent-pending algorithm developed by BlackRock Index Services and inspired by BlackRock AI Labs to help manage volatility and maintain a consistent risk level across market conditions. It is a core feature of the BlackRock U.S. Equity Bitcoin Balanced Risk Index Series.

The benefits that this approach seeks to deliver is a high level of precision of realized volatility to the index target, dynamic rebalancing around changing market conditions, and behavior that leads to favorable options pricing relative to traditional volatility control approaches.

## 9 What is excess return, and why does it matter?

An excess return index measures the returns of an asset net of an assumed cost of borrowing to buy and hold the asset. To do this, each day the index subtracts an interest rate from the daily return of the asset. The interest rate used is often the Fed Funds Effective Rate, which is the case for the BlackRock U.S. Equity Bitcoin Balanced Series, but other rates may also be used.

To learn more about Excess Return indices, please access the [Beyond the benchmark, innovations in custom indices](#) paper.

## 10 What is the maximum allocation that the index can have to one asset?

The index has a maximum allocation cap of 25% for IBIT.

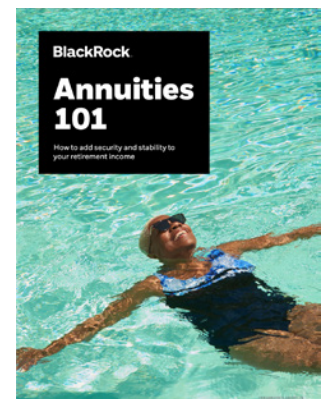
See the table below for more details on maximum allocation for each asset during the backtested period (December 31, 2013 to June 30, 2025):<sup>6</sup>

Index target volatility	IBIT	IVV	Cash
8%	20%	91%	95%
10%	23%	93%	93%
12%	25%	93%	91%

## 11 Curious to learn more?

You can start leveraging BlackRock resources today, such as the “Annuities 101” and our “Fixed Index Annuities 101” papers.

Visit the Retail Insurance website for more resources:



<sup>6</sup> For illustrative purposes only. No representation is being made that any balanced risk index will or is likely to achieve similar allocations to those shown.

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