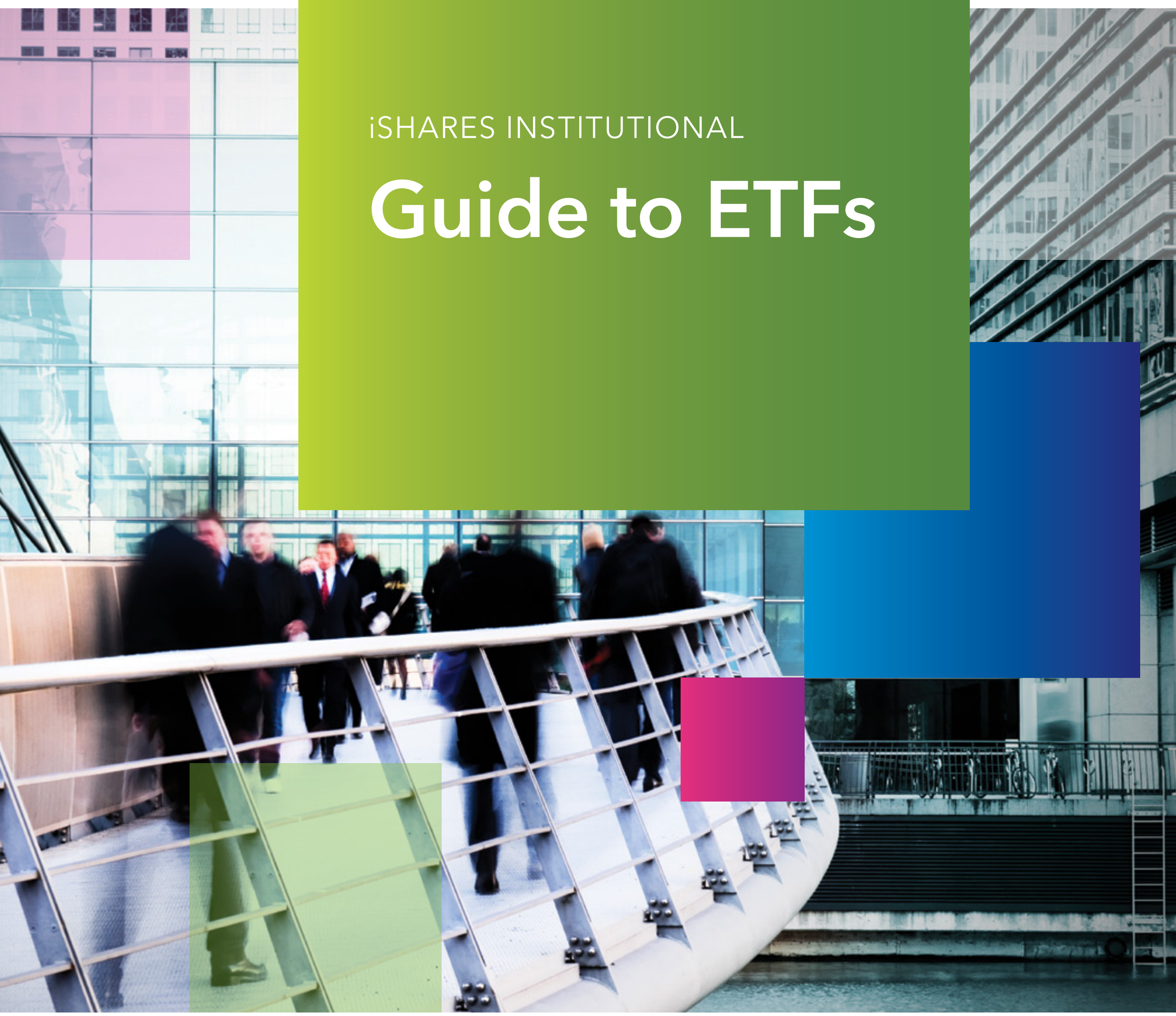
FOR PROFESSIONAL CLIENTS/ QUALIFIED INVESTORS/QUALIFIED CLIENTS ONLY

iShares® by BlackRock®

iSHARES INSTITUTIONAL

Guide to ETFs



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iShares Client Services

Powered by the collective intelligence of BlackRock

The iShares Client Services platform harnesses the power of BlackRock's resources and technology to facilitate every aspect of the iShares experience.

Source: BlackRock, as of 31 December 2017.

All $ currencies mentioned will refer to U.S. Dollar

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iSHARES INSTITUTIONAL

Guide to ETFs

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To our valued clients,

Partnership and collaboration are vital components of the iShares value proposition. We strive to deliver an industry-leading client experience by partnering throughout each stage of the investment process.

The iShares Client Services platform includes in-depth product due diligence, pre-trade guidance, portfolio analysis, powerful market insights and optimisation tools to help you extract the most value from ETFs in your portfolio.

As the global investment landscape continues to evolve, iShares aims to provide innovative and efficient solutions to help you overcome investment challenges.

ETF market

$4.8tn
in ETF
AUM globally[1]

188
ETFs have
+$1b in AUM in Europe[2]

1, 2. Source: BlackRock Global Business Intelligence, as of 31 March 2018.

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The *2018 Guide to ETFs* highlights how institutions are using ETFs across asset classes to improve portfolio outcomes. In addition, this year we are pleased to showcase the breadth of our institutional services and tools.

As a fiduciary, we put our clients' interests first. Your trust and confidence in us is our most valuable asset.

Thank you for your continued partnership.

$257b
in total lendable value of ETFs[3]

20+
iShares UCITS ETFs with listed options, OTC solutions also available[4]

24
registered screen market makers across the iShares EMEA range[5]

3. Source: IHS Markit, as of 31 December 2017.
4. Source: BlackRock , as of 31 March 2018.
5. Source: LSE, Xetra, Euronext Amsterdam, SIX and Borsa Italiana, as of 31 March 2018.

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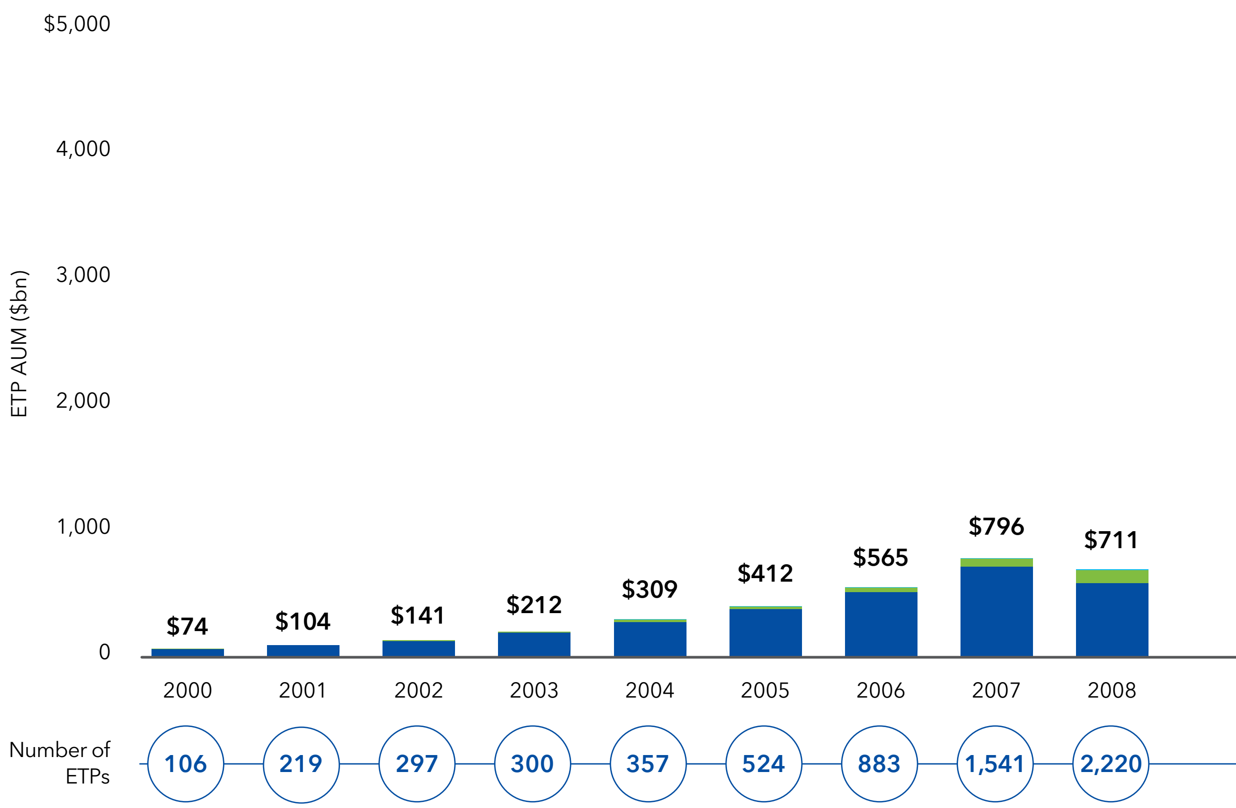
Growth of exchange traded products

The evolution in index investing has led to a wide range of indices and investment vehicles for institutional investors to choose from depending on their financial objectives and needs.

Exchange traded products (ETPs) have become an increasingly important part of the indexed investment universe over the past decade. As markets have become more uncertain, ETPs have become more appealing due to their simplicity, transparency and lower cost.

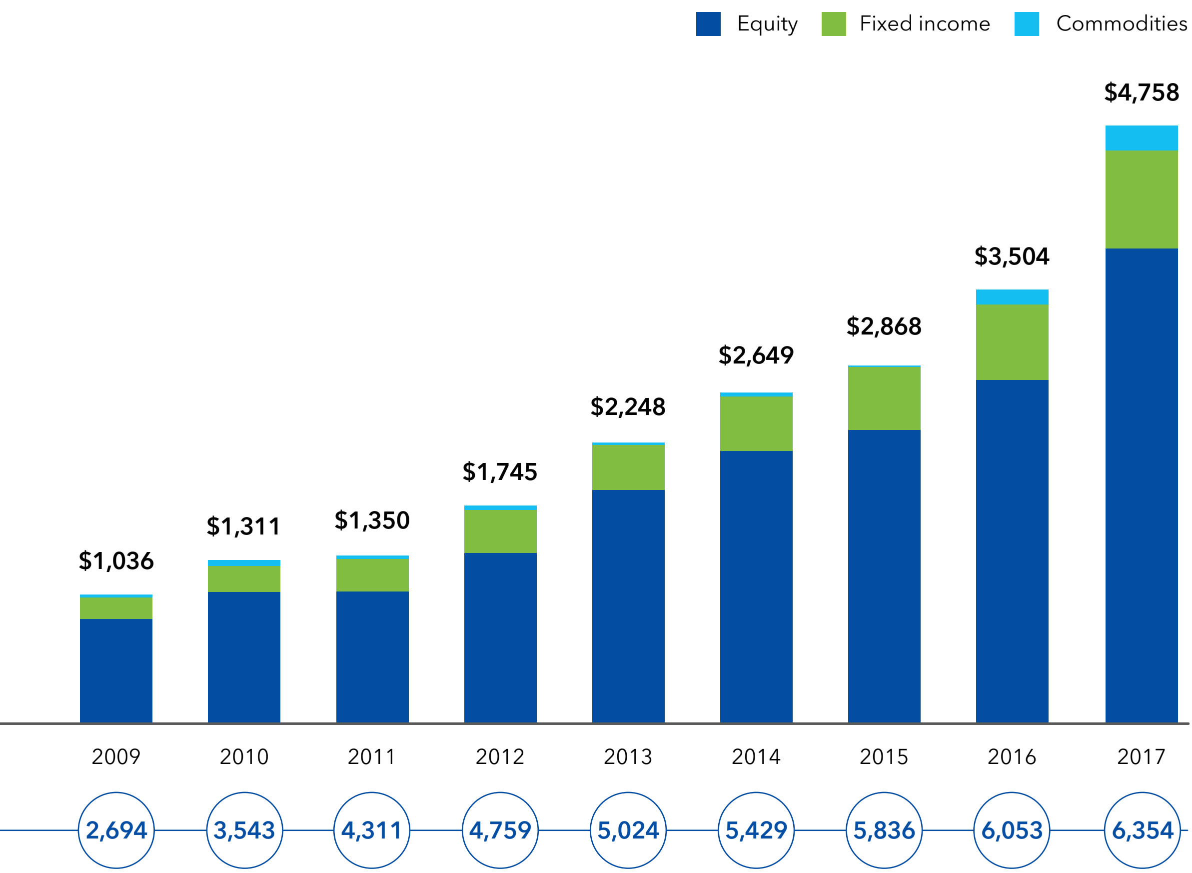
Today, BlackRock is a leading provider of index solutions. Our global footprint and scale enable us to deliver quality, cost-effective access to the broadest range of equity, fixed income and commodity exposures.

Global ETP landscape[1]



1. Source: BlackRock, Markit, as of 31 December 2017. The ETP (or exchange traded product) category encompasses any portfolio exposure security that trades intra day on an exchange.

While ETPs have been a primary driver of the shift toward indexed investments, BlackRock also partners with clients to help solve their unique investment challenges with the most appropriate index vehicle.



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Institutional adoption of ETFs

Over the past four years, Greenwich Associates, a leading financial services research and consulting firm, surveyed hundreds of institutions in annual studies in an effort to track exchange traded fund (ETF) usage and uncover adoption trends over time.

Greenwich Associates interviewed over 120 European institutions including asset managers, insurers, pension funds and consultants.

Greenwich Associates ETF study findings[1]:

Institutions are adopting smart beta ETFs

31% of institutional ETF investors are employing smart beta ETFs, up from 26% in the previous year.

ETF use is expanding rapidly in fixed income

59% of institutional ETF investors use bond ETFs, in response to growing trading challenges.

Institutions are using ETFs alongside derivatives

47% of institutions replaced derivative products, such as equity futures contracts, with ETFs in the last year.

Growing demand for Environmental, Social and Governance (ESG) ETFs

46% of institutional ETF users plan to increase their allocation to ESG strategies.

GREENWICH ASSOCIATES

Research

2018 Greenwich Associates Institutional ETF Study
Contact your dedicated iShares institutional representative for a copy of the report.

1. Source: 2018 Greenwich Associates Institutional ETF Study, April 2018. Based on 125 responses: 17 insurance companies, 40 asset managers and 68 institutional funds.

Institutional applications of ETFs

ETFs are an integral part of the investment process for many institutional investors, traders and risk managers. They are changing the way institutions construct portfolios, fine-tune risk and manage operational tasks like cash management and portfolio transitions.

Institutional uses of ETFs span both strategic and tactical objectives

Strategy	Objective	Institutional usage[2]		
		Asset managers & family offices	Institutional funds	Insurers
Core allocation	Build a long-term strategic holding in a portfolio	73%	60%	62%
Tactical adjustments	Over- or underweight certain styles, regions or countries on the basis of short-term views	61%	56%	81%
International diversification	Gain efficient access to foreign markets	55%	40%	48%
Liquidity management	Maintain exposure in a liquid investment vehicle to meet cash flow needs	45%	52%	52%
Portfolio completion	Fill in gaps in a strategic asset allocation	42%	40%	48%
Risk management	Mitigate undesired portfolio risk and hedge asset allocation decisions	42%	24%	19%
Rebalancing	Manage portfolio risk in between rebalancing cycles	36%	52%	52%
Cash equitisation	Put long-term cash positions to work with ETFs to minimize cash drag	27%	32%	24%
Interim beta	Maintain market exposure while refining a long-term view	27%	28%	10%
Transition management	Facilitate manager transitions with ETFs	24%	52%	48%

2. Source: 2018 Greenwich Associates Institutional ETF Study, April 2018. Based on 86 responses: 12 insurance companies, 35 asset managers and 39 institutional funds.

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CHAPTER 1

Institutional client services

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Risk indicators

The risk indicator was calculated incorporating simulated historical data and may not be a reliable indication of the future risk profile of the fund.

iShares $ TIPS UCITS ETF

iShares Core FTSE 100 UCITS ETF
iShares Edge MSCI Europe Momentum Factor UCITS ETF
iShares Edge MSCI Europe Quality Factor UCITS ETF
iShares Edge MSCI Europe Minimum Volatility UCITS ETF
iShares Edge MSCI Europe Size Factor
iShares MSCI USA UCITS ETF
iShares MSCI Europe UCITS ETF EUR
iShares MSCI USA SRI UCITS ETF
iShares MSCI Europe SRI UCITS ETF

iShares Edge MSCI Europe Value Factor UCITS ETF
iShares MSCI EM UCITS ETF USD
iShares MSCI Japan UCITS ETF USD
iShares MSCI EM SRI UCITS ETF
iShares MSCI Japan SRI UCITS ETF

iShares Client Services platform

The iShares Client Services platform harnesses the power of BlackRock's resources and technology to facilitate every aspect of the iShares experience.

Whether an investor is in the first stages of due diligence or is a long-time user of ETFs, the iShares Client Services platform provides the tools to research, trade and manage internal and outsourced portfolios.

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iShares partners throughout the entire investment process

Researching ETFs and building portfolios

- Product comparisons
- Total cost and risk comparisons
- Custom liquidity analysis
- Risk factor analysis
- Portfolio outcome evaluation
- Due diligence reviews
- Client-led product development
- Collaborative research

Seeking to minimise the costs of trading ETFs

- Pre-trade guidance
- Broker recommendations
- Guidance with custodial account setup and trading
- ETF in-kind optimisation
- Post-trade execution evaluation

Managing portfolios in changing markets

- Daily access to market and investment experts
- Robust thought leadership and idea generation
- Custom performance and risk attribution
- Tailored board, staff and consultant education

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Featured service: iShares Pre-Trade tool

Navigating the ETF trading ecosystem

The ETF industry has grown into a diverse market of products, offering cost efficient access to an array of exposures including equities, fixed income, commodities.

One of the drivers of ETF growth is the ease and speed with which ETFs enable investors to express their investment views; this makes trade execution one of a number of important factors driving ETF investors' returns.

ETF investors require a transparent view of liquidity, trading costs and market impact. Understanding the impact of various trading strategies is an important consideration when making trading decisions, as is assessing trade size, timing and risk appetite.

An ETF trading cost comparison platform

iShares have developed a unique, free-to-access, web-based pre-trade tool that consolidates trading information into a simple interface designed to help investors assess their ETF trades ahead of implementation.

The tool leverages BlackRock's proprietary models to estimate the potential trading costs of iShares ETFs via risk[1], agency[2] and NAV[3] benchmarked orders.

Tool features

- Trading cost estimations
- Basket liquidity analysis
- Underlying market open chart to assess optimal trade timing
- Historical ETF intraday volume profiles
- Listing breakdown of spreads and Average Daily Volume (ADV)
- Portfolio composition analysis by country, sector and liquidity
- Bulk upload trades from Excel
- Export data directly into Excel

1 Risk - broker commits capital to provide immediate execution for a risk premium.

2 Agency - broker leverages multiple layers of liquidity on behalf of the client, passing on the prices they receive for an agreed mark up or commission.

3 NAV - the cost of trading the ETF when execution is benchmarked to the ETF's Net Asset Value.

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Featured service: BlackRock Portfolio Analysis and Solutions

BlackRock Portfolio Analysis and Solutions (BPAS) can help clients achieve their investment objectives through innovative portfolio solutions.

Services include:

- Portfolio x-ray and stress testing analysis on clients' existing portfolios
- Analysis of different portfolio options to fulfil certain clients' requirements
- Deep insight into the impact a BlackRock product can have on the risk/return profile of clients' portfolios

Our approach to portfolio analysis and optimisation

1	**Start with the client**	• Desired outcome / solutions • Liquidity requirements	• Existing portfolio(s) • Cost constraints
2	**Overlay BlackRock insight**	• Capital Market Assumptions • Asset class views • Proprietary tools	
3	**Access BlackRock investment platform**	• Access to 1800+ investment professionals worldwide in over 100 countries[1] • The most comprehensive range of funds and solutions to select from globally, including 800+ iShares ETFs[1]	
4	**Deploy world class risk management technology**	• Risk analysed by Aladdin®, BlackRock's industry-leading technology platform • Understand portfolio exposures to 3,000+ risk factors[1]	
5	**Present analysis and insight back to client**	• Custom in depth analysis • Hard copy given to the client	

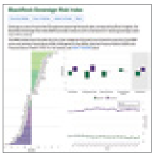
While proprietary technology platforms may help manage risk, risk cannot be eliminated.

1. Source: BlackRock as of 31 December 2018.

Featured tool: BlackRock Investment Institute interactive charts

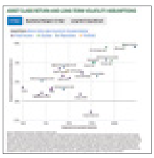
The **BlackRock Investment Institute (BII)** distills the collective insights of BlackRock's investment professionals and economic experts into research, thought leadership and interactive charts for clients and policy makers.

BII's interactive proprietary charts include:



Sovereign risk index

Compare the credit risk for 50 countries using a comprehensive list of fiscal, financial and institutional metrics.

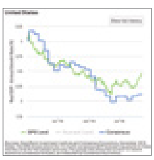


Capital market assumptions

Explore expected returns across asset classes over the medium-term and the long-term time horizon.

Emerging market marker

Contrast 14 emerging markets across a range of measures, including market performance, valuation and economic indicators.



Global macro GPS

Compare BlackRock's proprietary estimates for global GDP growth against consensus estimates.

For illustrative purposes only. No proprietary technology or asset allocation model is a guarantee against loss of principal. There can be no assurance that an investment strategy based on the tools will be successful.

Explore the BII interactive charts

Contact your dedicated iShares representative for more information.

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Featured tool: Bloomberg Equity Index Relative Value

Comparing ETFs and derivatives

Bloomberg launch Equity Index Relative Value Tool {EIRV <GO>}

BLOOMBERG have launched a Equity Index Relative Value cost comparison terminal page {<EIRV <GO>}, adding to their existing inventory of index vehicle comparison tools, including the downloadable spreadsheet, Delta One Cost Comparison (hosted on their templates page at {XLTP XD1 <GO>}).

What does {EIRV<GO>} do?

- Performs a historical back-test which aims to replicate the realized under or outperformance ("cost") an investor would have incurred when running a fully funded futures position.
- Compares realised performance against a comparable ETF –enabling a reliable, scalable and consistent process of comparing the cost of an unfunded and fully funded instrument.

The methodology behind {EIRV<GO>} is consistent with the methodology employed at BlackRock by the iShares Capital Market team for ETFs and futures comparisons.

{EIRV<GO>}: Key benefits

- Mapping–embedded adjusts as much as possible for different currencies, consistent underlying benchmarks, market and fund holidays and many more variables.
- Framework–enables comparison across both global and regional contracts as well as offering scalability.
- Methodology–consistent with several market participants including GSCI Indices, STOXX and S&P when calculating fully funded futures performance.[1]

Back-test functionality

What back-test functionality does {EIRV<GO>} offer?

The {EIRV<GO>} back-test generates a realised historical time series based on three adjustable inputs:

- Futures contract (choose from a wide range of the most popular global contracts)
- Roll day assumption (how long before expiry is the position normally rolled)
- Cash reinvestment rate (how much is earned on non-margined cash)

1. STOXX Strategy Index Guide, October 2015; S&P Dow Jones Indices: Index Methodology February 2016

How it works

The methodology behind {EIRV<GO>} is consistent with the methodology employed at BlackRock by the iShares Capital Market team for ETFs and futures comparisons

Futures methodology

The performance back-test methodology behind {EIRV<GO>} takes the view that the overall performance of a future is the most important performance metric to the end investor compared to the individual contribution to cost of each of the independent variables (dividend expectations, dividend Withholding Tax (WHT), repo, implied financing. etc.). Below we outline the steps taken to calculate futures performance:

- The realised historical performance of futures contracts are generated by using the daily settlement price of the future.
- The contract is assumed to be rolled, at the close, a certain number of days before expiry (an adjustable variable).
- The closest assumed cash yield is then chosen from the drop down and added back into the daily performance of the future to give the combined future and cash realised historical performance. This is important as the performance of the underlying index can significantly impact the realised performance.
- The 1Y performance is then compared against the underlying benchmark which will show the under or outperformance of the futures exposures vs. the underlying benchmark (e.g. S&P 500 future performance + 3m T-Bills performance vs.
S&P index spot).
- The tracking difference between the two time series can be referred to as a slippage or cost.

The premise for this methodology is that the future is a leveraged derivative and trades with an implicit implied financing rate embedded in the price. This rate is difficult to estimate or isolate as several other variables are also priced into a futures contract. This methodology removes the need to predict any variables like dividends, withholding tax rates or implied financing as the impact of the variables will be borne out in the performance of the future.

ETF methodology

The ETF NAV performance vs. the same underlying benchmark will generate an under or outperformance which can then be compared directly against the fully funded futures performance for comparison. The NAV incorporates management fee, tax performance and all other basic portfolio management costs.

Other iShares Analytical Offerings

1. iShares Quarterly Post Roll Report

2. iShares Beyond the Future –White Paper

3. Bespoke Analysis:

- Historical Performance Analysis (incl. cost, beta, tracking error, index basis)
- Breakeven Analysis
- Target Leverage Solutions
- Global Optimised Basket Solutions (e.g. a funded basket of ETFs to replicate MSCI World or ACWI)
- iShares Pre-Trade Analytics

Additional iShares tools and services

The iShares team provides a complete set of tools and services to help clients get the most out of their ETF investment experience.

ETF education

We inform clients about the potential exposure, cost and operational features of the ETF structure.

3rd party technology analytics

We can offer support and best practices for ETF-related functionality on 3rd party platforms including Bloomberg, Tradeweb and MarketAxess.

Instrument comparisons

We provide quarterly comparisons of over 20 futures and ETFs along key metrics including cost, tracking and total performance.

Mixed instrument solutions

We can assist in building customised solutions with a combination of ETFs and futures to potentially reduce investment costs or improve tracking.

ETF options insights

We monitor the listed ETF options market to provide insights into trading strategies, market sentiment and ETF lending dynamics.

ETF lending guidance

We help clients identify market opportunities to lend ETFs and provide guidance on establishing a lending program.

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CHAPTER 2

ETF investment trends

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ETF investment trends

As the adoption of ETFs continues to grow among institutions, their use as both strategic and tactical tools is also expanding. The *2018 Greenwich Associates Institutional ETF Study* reveals that investors are finding new applications for ETFs in their portfolios.

The study points to four key trends in ETF usage:

Rise of factor investing

New toolkit for managing fixed income portfolios

ESG investing combining purpose and performance

ETFs for derivatives users

Featured research

2018 Greenwich Associates Institutional ETF Study
Contact your dedicated iShares institutional representative for a copy of the report.

TREND

1

Rise of factor investing

Rise of factor investing

Factor investing seeks to capture persistent drivers of returns by looking beyond traditional asset class labels—instead focusing on investment characteristics like value or momentum. Adopting a factor lens can help investors better understand their portfolios and potentially improve risk-adjusted returns although there can be no guarantee that such returns will be achieved.

BlackRock has the tools and expertise to assist clients with factor-based analyses of individual strategies or total plan asset allocations. The iShares suite of 45 smart beta ETFs is designed to provide liquid, precise exposure to a comprehensive set of factors.

Smart Beta ETFs can help investors:

- Understand and manage net factor exposure
- Reduce left-tail risk with minimum volatility
- Seek to generate alpha with precise factor exposures

Greenwich Associates insight: 31% of institutional ETF investors are using smart beta ETFs.[1]

1. Source: 2018 Greenwich Associates Institutional ETF Study, April 2018. Based on 125 responses: 17 insurance companies, 40 asset managers and 68 institutional funds.

Understand and manage net factor exposure

Investors have traditionally used a style box framework to evaluate and fill gaps in asset allocations. However, when taking a factor-based view of their holdings, investors may find significant unintended factor over- or underweights in their portfolios.

Conducting a factor analysis allows investors to understand their absolute and relative exposure to different drivers of return, such as volatility, value or size. Smart beta ETFs give investors the ability to reduce or enhance these exposure tilts without disrupting current asset allocations.

Factor-based analysis enables deeper portfolio insights

Figure 1: Net factor exposure vs. benchmark

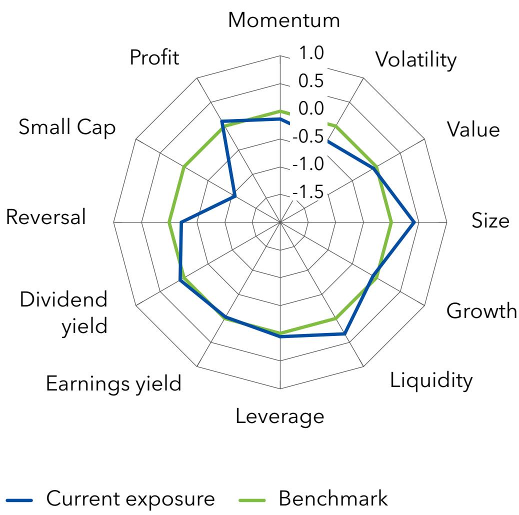
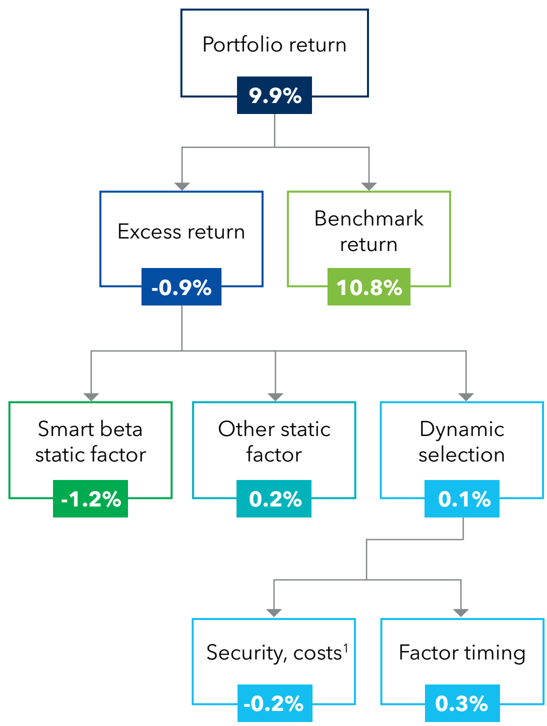


Figure 2: Portfolio factor attribution



For illustrative purposes only.

1. Includes management fees.

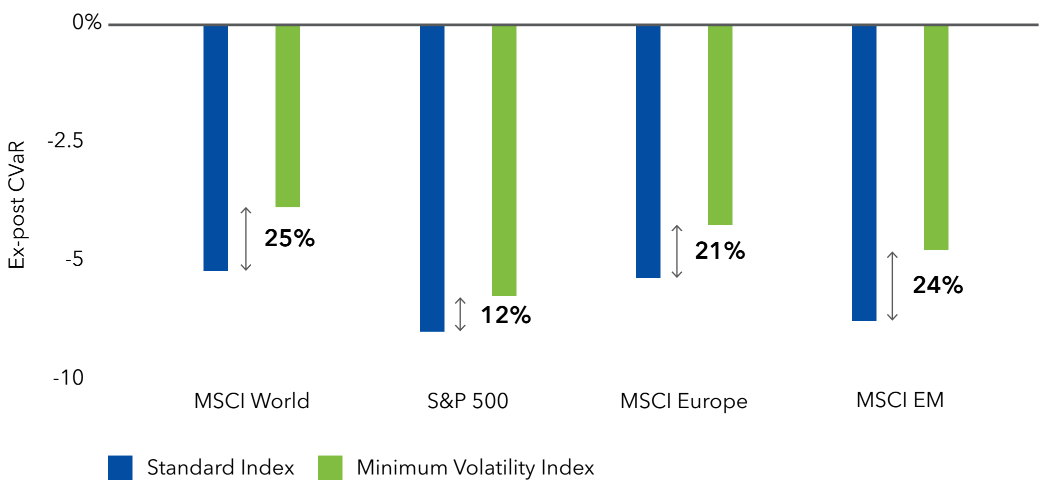
Reduce left-tail risk with minimum volatility

Institutional investors are increasingly concerned with ways to mitigate extreme losses, or so-called left-tail risk. In joint research, BlackRock and an institutional client sought to build a portfolio that would explicitly reduce left-tail risk, as measured by Conditional Value at Risk (CVaR).[1]

MSCI Minimum Volatility indexes have exhibited superior realised CVaRs relative to their market-cap weighted peers. For investors seeking to manage returns in volatile markets, minimum volatility ETFs can be simple, cost-effective and efficient vehicles to help mitigate portfolio left-tail risk. There is no guarantee that a positive investment outcome will be achieved.

Minimum volatility strategies can help reduce portfolio tail risk

Improvement in CVaR: MSCI Standard vs. Minimum Volatility indexes[2]



1. Portfolios are constrained to be long-only equity. CVaR is derived by taking a weighted average between the value at risk (VaR) and losses exceeding the VaR. It is a measure of the probability of large losses in a portfolio; the smaller the value of the CVaR, the better.
2. Source: "Portfolio Construction and Tail Risk" by Chris Downing, Ananth Madhavan, Alex Ulitsky, and Ajit Singh in The Journal of Portfolio Management, Vol. 42, No. 1 (Fall 2015).

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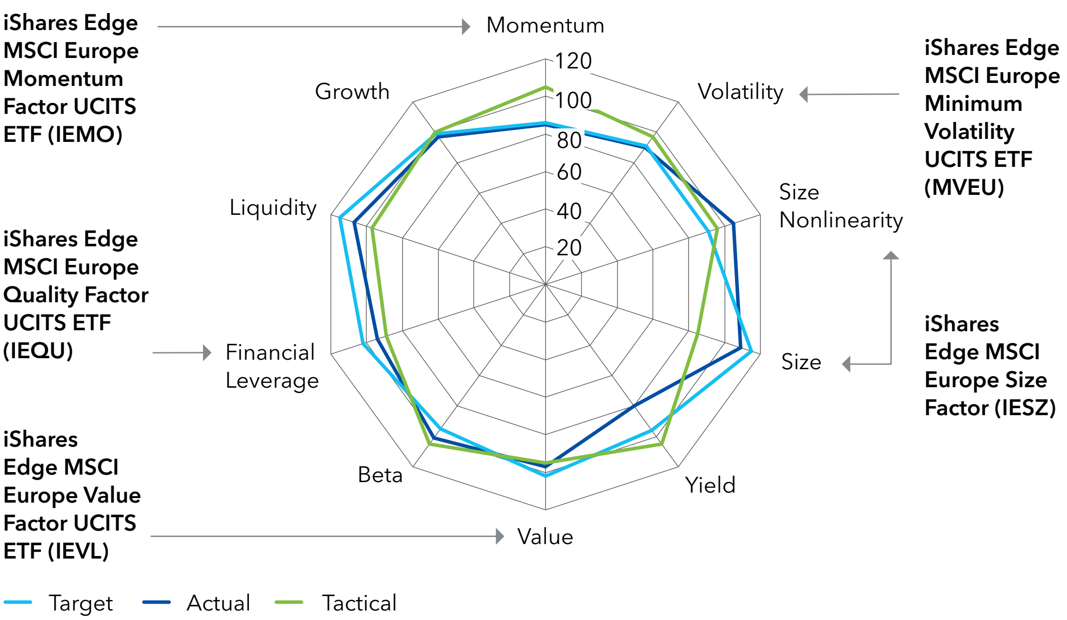
Seek to generate alpha with precise factor exposures

While many individual factors have historically outperformed the broad market, their returns have been highly cyclical. Investors can seek to deliver alpha during diverse market conditions by blending factors to target a specific risk and return profile, thereby potentially benefiting from their low—often negative—correlation with each other.

Institutions are using single factor exposures both strategically and tactically. As a complement or alternative to traditional market-cap weighted exposure, single factor ETFs can serve as a flexible core allocation, offset risk of other strategies or enhance pre-existing factor exposures.

Single factor ETFs can also serve as tools to implement tactical factor tilts. When certain risk premia are believed to be in favor, investors can express those views by tilting toward specific factors.

Single factor ETFs can be used for strategic and tactical tilts



For illustrative purposes only.

Featured research

Quarterly Factor Outlook
Contact your dedicated iShares institutional representative for a copy of the report.

■ CASE STUDY

Factor tilting as a complement to sector rotation

Client challenge

A portfolio management team wanted to adjust their equity allocation to express a more defensive outlook through sector rotation. However, they were concerned about the impact of factor exposures on their proposed new asset allocation.

Analysis

After reviewing a time series of the strategy's holdings via BlackRock's Factor Extractor™ tool the iShares team, the manager and the BlackRock team observed this strategy exhibited meaningful and dynamic factor tilts relative to the benchmark. Most pronounced was the overweight toward high-volatility and value stocks.

Potential solution

Smart beta ETFs can be simple and cost-effective vehicles to express dynamic views as a complement to a current portfolio.

In this case, the team elected to add allocations of 15% minimum volatility and 6% value factor to their existing portfolio. In so doing, the volatility exposure falls, while the level of value factor exposure is preserved.

Request a Factor Analysis from the iShares team

FEATURED SERVICE: Portfolio Factor Analysis

- Understand underlying factor exposures in a portfolio
- Identify opportunities to implement more efficient factor exposures
- Find low-cost solutions to manage factor exposures

Case study shown for illustrative purposes only. This is not meant as a guarantee of any future result or experience. This information should not be relied upon as research, investment advice or a recommendation regarding the iShares Funds or any security in particular.

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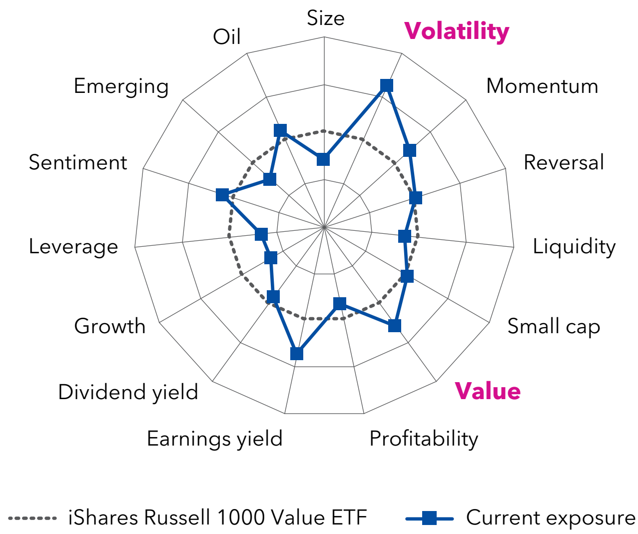
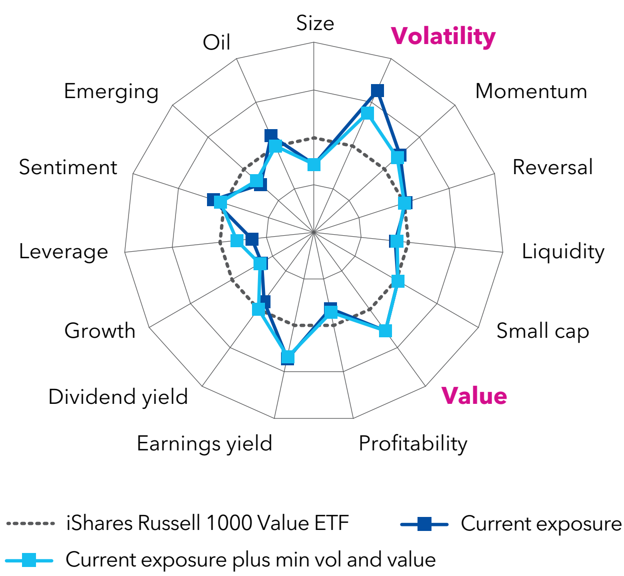
Current factor profile



Impact of adding factor ETFs



For illustrative purposes only. Factor exposures based on BlackRock Fundamental Risk for Equities model. No proprietary technology or asset allocation model is a guarantee against loss of principal. There can be no assurance that an investment strategy based on the tools will be successful.

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TREND

2

New toolkit for managing fixed income portfolios

New toolkit for managing fixed income portfolios

Fixed income investors face mounting challenges buying and selling bonds. While primary issuance has increased substantially, dealer inventories have declined 70% since 2008.

The growing inefficiencies in the bond markets make shifting allocations increasingly difficult, forcing investors to look beyond the over-the-counter ("OTC") dealer model for their trading needs.

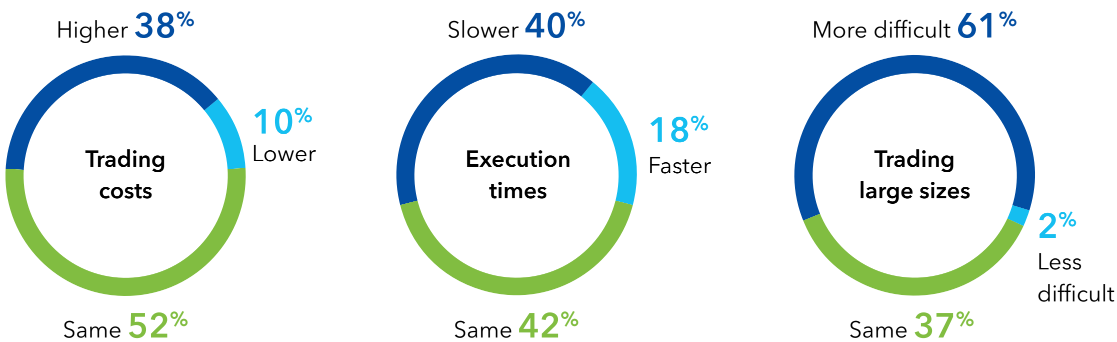
Bond ETFs are emerging as a portfolio management tool to help institutions navigate these trading challenges.

Greenwich Associates insight

70%

of institutional fixed income investors are using ETFs in their portfolios.[1]

Investor bond trading experience in past three years[2]



Bond ETFs can help investors:

- Improve access to illiquid markets
- Tactically trade market opportunities
- Access new markets to seek yield

1. Source: 2018 Greenwich Associates Institutional ETF Study, April 2018. Based on 125 responses: 17 insurance companies, 40 asset managers and 68 institutional funds.

2. Source: Greenwich Associates 2016 U.S. Bond ETF Study. Based on 70 respondents.

The information shown in the 'A new toolkit for managing fixed income portfolios' section is for illustrative purposes only. This is not meant as a guarantee of any future result or experience. This information should not be relied upon as research, investment advice or a recommendation regarding iShares ETFs or any security in particular. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

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Improve access to illiquid markets

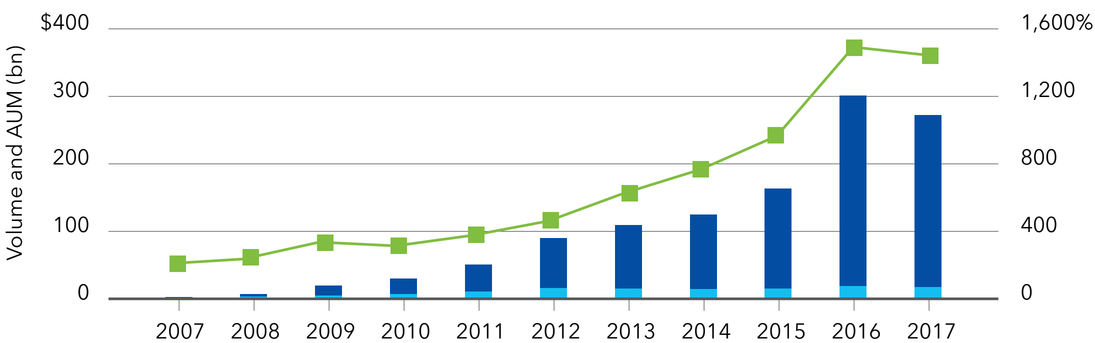
The liquidity of bond ETFs has grown substantially since they were introduced nearly 15 years ago. The maturation of this market has helped create a new source of on-exchange fixed income liquidity for investors beyond what is available in the OTC market.

In fact, the growth in trading volumes of some of the largest bond ETFs appears to be part of a virtuous cycle driven by liquidity-challenged investors. As ETF trading volumes grow, they can accommodate larger trades, which precipitates even deeper levels of liquidity.

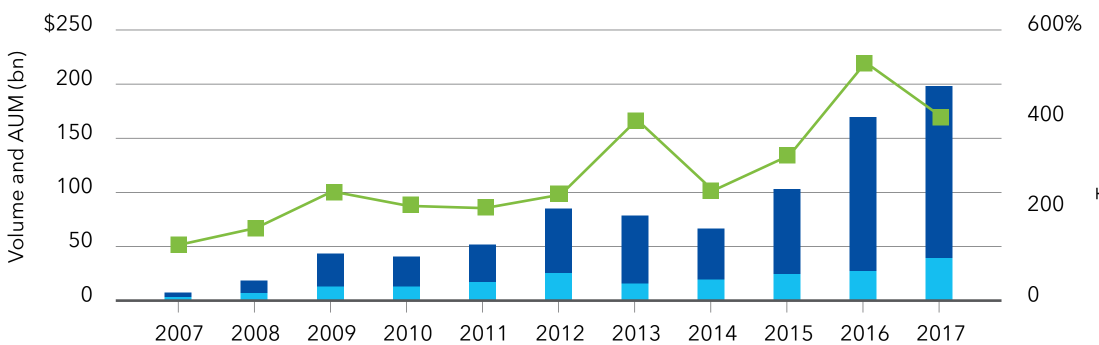
The deep liquidity profile of some large corporate bond ETFs can provide investors with efficient tools to manage credit exposure, even in less liquid fixed income markets.

Bond ETFs are highly liquid credit exposure tools[1]

A representative large $ Investment Grade Corporate Bond ETF AUM, volume and turnover



A representative large $ High Yield Corporate Bond ETF AUM, volume and turnover



AUM   Trading volume   Turnover rate

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1. Source: BlackRock, Bloomberg, as of 31 December 2017. Trading volume represents the cumulative annual trading volume of the ETF. Turnover rate represents annual trading volume as a percent of AUM. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

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Tactically trade market opportunities

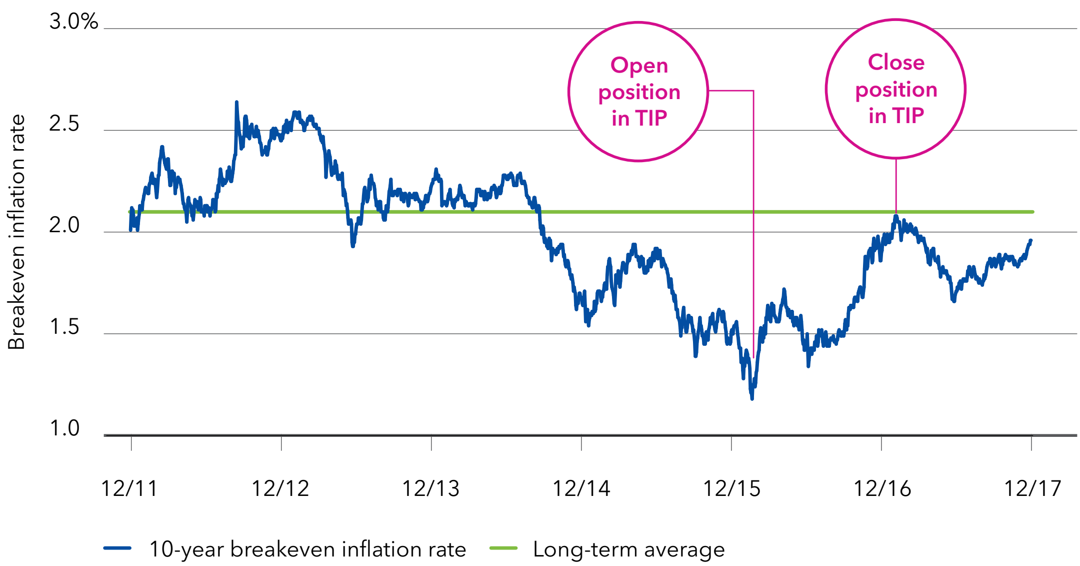
ETFs are frequently used as tactical trading tools because they provide investors with the ability to gain exposure in a timely, cost-effective and efficient manner.

ETFs are especially valuable as market access vehicles when investors need to act quickly or have limited trading experience within a given asset class. They make it possible to express broad-based sector views while limiting idiosyncratic and unintended curve risks.

In this example, an investor took a tactical view on inflation by opening a position in the **iShares $ TIPS UCITS ETF (ITPS)** when the market's inflation expectations appeared to be low. The manager then closed the ETF position when inflation reverted back to its long-term average.

Seek to capitalise on alpha opportunities

10-year breakeven inflation rate[1]



For illustrative purposes only.

1. Source: BlackRock, Federal Reserve Bank of St. Louis, as of 31 December 2017.

Case study shown for illustrative purposes only. This is not meant as a guarantee of any future result or experience. This information should not be relied upon as research, investment advice or a recommendation regarding the iShares Funds or any security in particular.

Access new markets to seek yield

Across global markets, yields are at historic lows. Nearly $8 trillion of global government bonds, or about 25% of the developed market bond universe, now carry a negative yield (see Figure 1).[1]

Comparatively, the yield of emerging market sovereign debt is attractive (see Figure 2), but sourcing bonds in these markets can be complex. Investors often face challenges establishing local custodian or brokerage relationships, understanding and meeting local currency bond requirements, or navigating restrictive policies of many countries.

The on-exchange structure of bond ETFs provides diversified and liquid access to difficult-to-reach areas of the global bond market.

Bond ETFs help investors access new yield opportunities globally

Figure 1: Global developed market government bonds by yield[1]

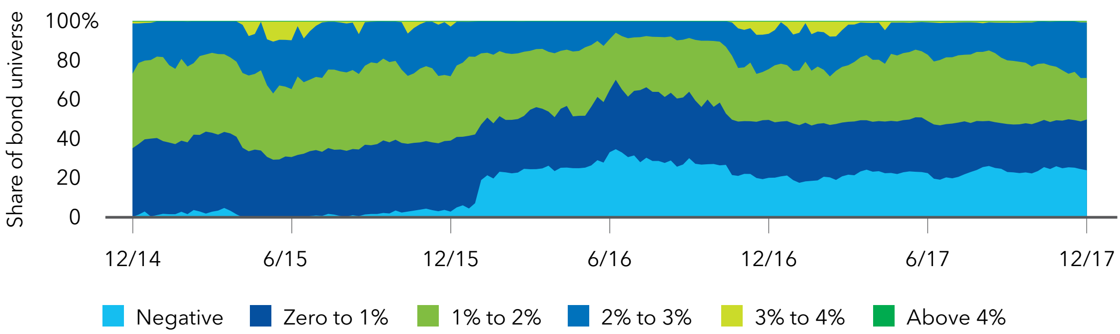
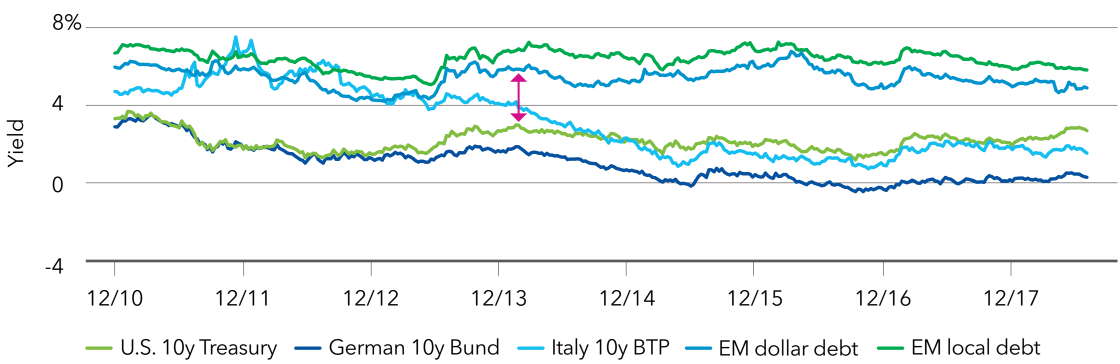


Figure 2: Sovereign debt yields, 2011-2017[2]



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

1. Source: BlackRock Investment Institute, J.P. Morgan, Thomson Reuters, as of 31 December 2017. The chart is based on the J.P. Morgan Global Developed Government Bond Index. Areas show the proportion of bonds in the index with yields in each range.
2. Source: BlackRock Investment Institute, J.P. Morgan Index Data, Thomson Reuters, as of 31 December 2017. Emerging market (EM) local debt based on JP Morgan GBI Global Diversified Index, EM dollar debt based on JP Morgan EMBI Global Diversified Index. 10-year sovereign yields based on Datastream benchmark indexes. Past performance does not guarantee future results.

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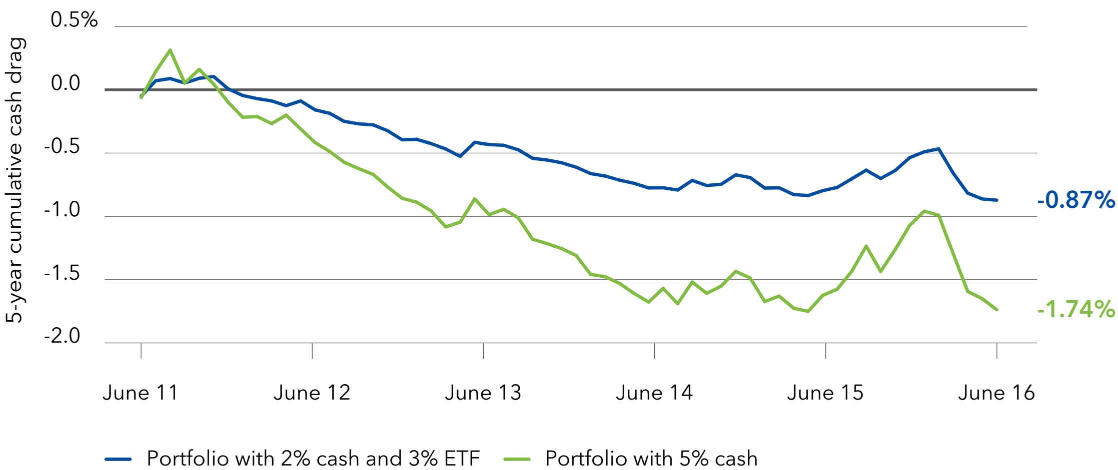
Seek to minimise cash drag with an ETF liquidity sleeve

An ETF can be used as a flexible tool to balance the need to meet subscriptions and redemptions while also limiting the effects of cash drag. In this example, a high yield asset manager generates a 5-year cumulative return that lags the strategy benchmark. After analysing the portfolio's performance, he finds that a 5% average cash allocation resulted in a cumulative 1.7% drag on performance.

The manager can potentially reduce the impact of cash drag by allocating 3% to a high yield corporate bond ETF and only 2% to cash. This solution would have reduced cash drag during the prior 5-year period to only 0.9%, inclusive of transaction costs.

Managing the portfolio's cash allocation more effectively could have potentially made the difference between outperforming and underperforming the strategy benchmark.

Reduce the effect of cash drag with an ETF[1]



1. Source: Morningstar, BlackRock, as at 30 June 2016. For illustrative purposes only. Not indicative of any actual portfolio or asset allocation model. "Portfolio with 5% cash" assumes a hypothetical allocation of 95% to BAML High Yield Master II Index and 5% invested in a money market fund, rebalanced monthly. No additional transaction costs are assumed. "Portfolio with 2% cash & 3% ETF" assumes allocation of 95% to BAML High Yield Master II Index, 2% invested in a money market fund and 3% invested in Markit iBoxx USD Liquid High Yield Index, rebalanced monthly and assumes 2 bps of round-trip transaction costs for the Markit iBoxx USD Liquid High Yield Index investment per month.

Past performance does not guarantee future results. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained. This information is not meant as a guarantee of any future results or experience. Index returns are for illustrative purposes only and do not represent actual iShares Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

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TREND

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ETFs for derivatives users

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ETFs for derivatives users

Investors seeking index exposure are increasingly finding that ETFs can be an efficient, straightforward alternative to derivatives. When all cost, operational and investment efficiency factors are considered, investors often find ETFs to be attractive complements to or substitutes for derivatives, especially for fully-funded positions.

ETFs can complement or replace:

Futures: ETF carry costs may be more predictable	Swaps: ETFs may provide better exposure	Index options: ETF options may provide more flexibility

Greenwich Associates insight: 45% of institutions replaced derivatives products with ETFs in the last year.[1]

1. Source: 2018 Greenwich Associates Institutional ETF Study, April 2018. Based on 86 responses: 12 insurance companies, 35 asset managers and 39 institutional funds.

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ETFs may have more predictable carry costs than index futures

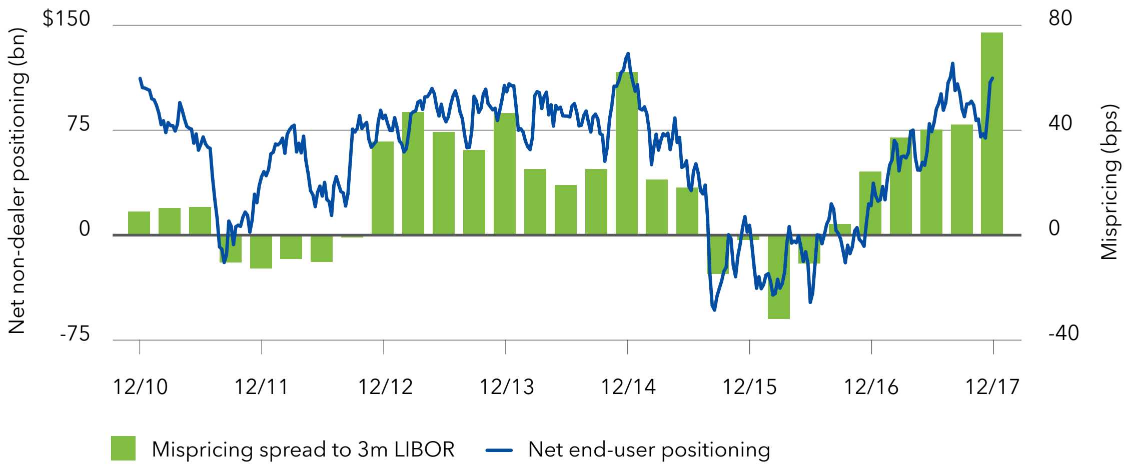
While ETFs and futures can be used to achieve similar investment objectives, their carry costs are quite different. Specifically, ETF carry costs consist solely of a quoted management fee and any taxes related to dividend income depending on client and fund domicile. The carry cost of futures is more complex because they are implied in the bought price and are not explicitly recognised. They include an estimate for dividends, repo and financing and are all based on an estimated theoretical fair value.

Importantly, the leverage that futures provide incur a cost of financing. For those contracts or roll periods with significant market bias in favour of long or short exposure, futures holders can expect material richness or cheapness away from fair value as the cost of capital required to hold an offsetting hedge is passed back to the end investor.

The positive relationship between contract net positioning (long positions vs. short positions) and index performance generally means that futures implied financing costs rise in an upward trending market, as banks need to allocate more of their balance sheet to offset the natural long client bias. Conversely, futures carry costs tend to fall in declining markets as fewer investors demand exposure and there is a net short bias. An ETF's carry cost does not fluctuate in this way.

Futures roll costs can be volatile

S&P 500 future historical mispricing[1]



1. Source: BlackRock, Goldman Sachs, CFTC, as of 31 December 2017.

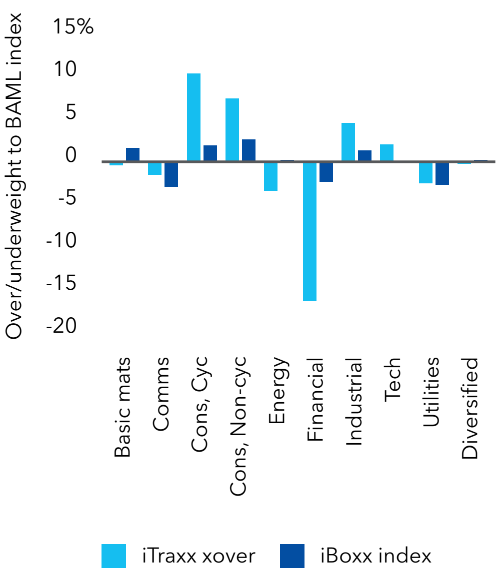
ETFs may provide trading advantages over index swaps

When comparing ETFs with the most popular credit derivatives, we first consider the differences in composition between the instruments.

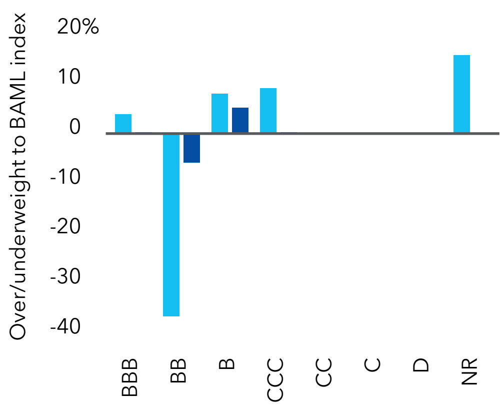
- **iShares Euro High Yield Corporate Bond UCITS ETF (IHYG)** is currently the most actively traded € high yield ETF and seeks to track the Markit iBoxx Euro Liquid High Yield Index whilst iTraxx Crossover is the most actively traded € high yield index derivative exposure
- As compared to the BAML Euro High Yield Index; IHYG's index has a tighter sector dispersion relative to **iTraxx Crossover, in particular**, **iTraxx Crossover has ~16% underweight to financials – the largest sector in the BAML index**
- iTraxx Crossover also has a **lower quality tilt** versus the BAML index with **~37% underweight to BB rated entities**
- Bonds upgraded to investment grade are removed from IHYG and its index as per index rules whereas upgraded names in iTraxx Crossover remain in the index until maturity

These differences in composition translate into sector and rating mismatches when compared to HE00.

Sector comparison to BAML Euro High Yield Index (HE00)



Quality comparison to BAML Euro High Yield Index (HE00)



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ETF options may provide more flexibility than index options

As the ETF market has grown and institutional adoption has deepened, ETFs are increasingly becoming a reference asset for options.

ETF options are American style, so they can be exercised on any business day during business hours up to and including the expiration date. This provides more investment flexibility than index options, which are European style and do not allow for exercise before the expiration date.

ETF options also differ in how they settle after exercise. Exercised options will result in physical delivery of ETF shares on the second business day after the exercise day. In contrast, index options settle in cash, thereby making ETF options more attractive to investors seeking to initiate or exit a position in the ETF.

Key differences between ETF options and index options

	ETF options	Index options
Exercise style	American	European
Contract size	100 ETF shares	Typically a factor multiplier of the index's value (e.g. 100 x index price)
Settlement	Physical delivery of ETF	Cash
Expiration	On close of 3rd Friday of month	Aligned with the futures expiry rules

ETF options could be a more accurate hedging for holders of ETF positions

Dividend risk	Expiration risk
ETFs may differ in terms of dividend tax and distribution schedule vs the index – using ETF options could improve hedging accuracy for an ETF holder over using index options.	European ETF Options expire at the cash close but index options expire at the same time as their futures so an ETF holder using index options on their position may have additional market exposure they weren't expecting.

Investment comparisons are for illustrative purposes only and not meant to be all-inclusive. Options on iShares ETFs are issued by the Options Clearing Corporation, which is not affiliated with BlackRock. BlackRock does not offer or issue options on iShares ETFs, nor is this a service provided by BlackRock. There is no guarantee that options will be available for any particular ETF. BlackRock does not provide tax advice.

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■ **CASE STUDY**

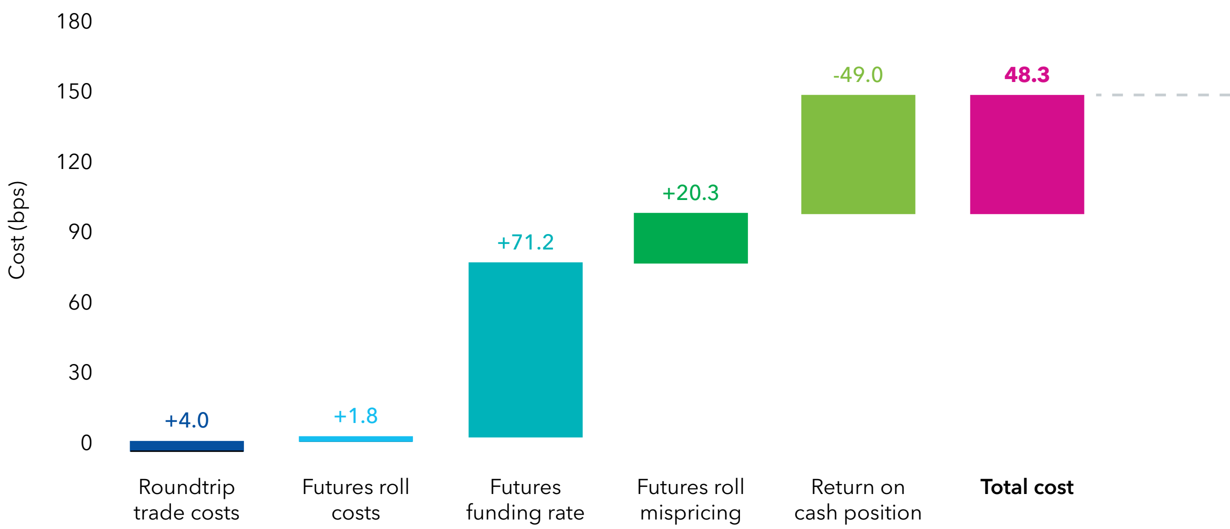
Switching from a future to an ETF

A pension invested in FTSE 100 futures with a notional value of $100 million to gain market exposure. The plan did not employ leverage, but instead posted 10% of the notional amount as margin, with the other 90% invested in T-bills.

Over the course of 2016, the plan observed heightened pricing volatility during futures roll periods, creating an increased burden to manage the long-term position and the potential for higher costs.

An analysis was conducted to explore other instruments delivering similar exposure, including the **iShares Core FTSE 100 UCITS ETF**.

Index future annual cost decomposition



Sources and definitions for the annual cost of the $100m futures investment:"Roundtrip trade costs" include commissions (sourced from multiple FCMs and estimated at $2.25 per contract for full service execution and clearing) and impact & spread (which applies exchange mandated spreads, factoring in tick sizes, contract multipliers and notional tick values) and are calculated by BlackRock's proprietary trading models. "Futures roll costs" are trade costs of spread products assumes commissions on both legs, assuming that futures are rolled according expiration cycle over a one year holding period. "Futures roll mispricing" is a 12-month rolling average and is calculated based on net dividends assuming a cash withholding tax rate of 0.00%, as of 30 June 2017. "Futures funding rate" refers to 3-month LIBOR, as of 30 June 2017. "Return on cash position" is the estimated return an investor would receive on non-margined cash invested in 3-month T-bills, as of 30 June 2017.

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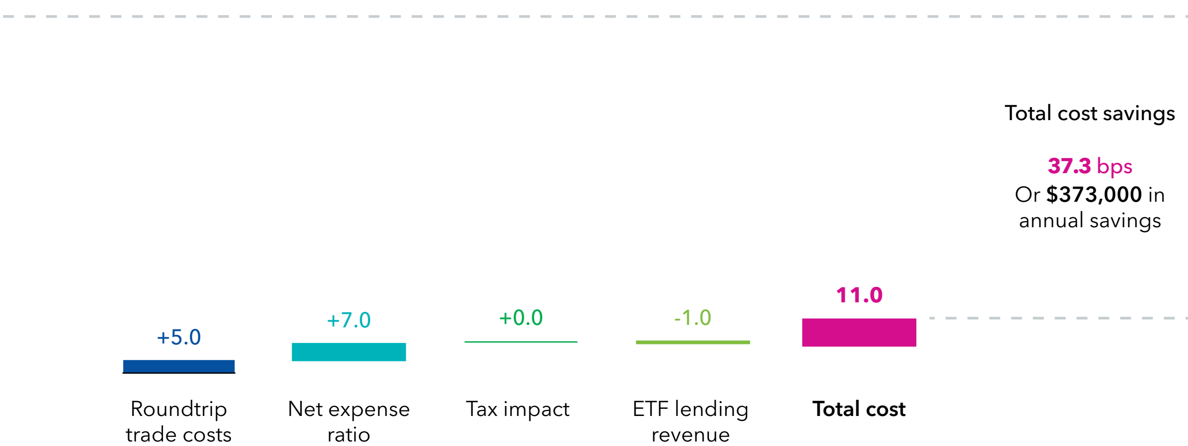
- The futures cost of ownership was examined based on roundtrip trade costs (+4.0 bps), futures roll costs (+1.8 bps), futures funding rate (+71.2 bps), the average quarterly roll mispricing (+71.2 bps) and the institution's return on cash for the fully funded position (-49.0 bps).
- The ETF costs were broken down into roundtrip trade costs including spread and impact estimates (+5.0 bps), net expense ratio (+7.0 bps) and potential cost offsets such as reclaimed foreign dividends (0 bps) and ETF lending revenue (-1.0 bps).

The estimated cost of ownership analysis showed the annual cost of a futures position would be 48.3 bps, while a similar ETF position would be 11.0 bps.

The pension decided to transition into an ETF because it offered lower total costs with the added benefit of a more consistent cost structure. The institution opted to invest in the ETF due to the potential $373,000 in annual cost savings.

ETF annual cost decomposition



Sources and definitions for the annual cost of the $100m ETF investment: "Roundtrip trade costs" include commissions (estimated at $0.01 per ETF share based on observed industry averages) and impact & spread (calculated by BlackRock's proprietary trading models). "Net expense ratio" is based on the Fund's current expense ratio as of 30 June 2017. "Foreign tax advantage" is based on the amount reported in the most recent annual report. "ETF lending revenue" is securities lending revenue at the ETF unit level, sourced from BlackRock's securities lending desk and represented as an average gross yield over the prior 12 months.

Case studies shown for illustrative purposes only. This is not meant as a guarantee of any future result or experience. This information should not be relied upon as research, investment advice or a recommendation regarding the iShares Funds or any security in particular. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

TREND

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ESG investing combining purpose and performance

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What are ESG ratings?

ESG ratings are a shorthand for evaluating a company's commitment to sustainable business practices. For many investors, it is imperative to understand and evaluate a company's impact on the world and whether this profile aligns with their intrinsic values.

The three pillars of ESG investing

Environment	Social	Governance
Climate change	Human capital	Corporate governance
Natural resources	Product liability	Corporate behaviour
Pollution and waste	Stakeholder opposition	
Environmental opportunities	Social opportunities	

Common misconceptions

It's only about the environment	Scoring is too subjective	A company is only as good as its industry
Current events are directing the bulk of media attention to the E in ESG but the Social and Governance components are just as important.	ESG ratings are based on analytics from measurable and observable company behaviour.	Not all companies in controversial sectors automatically receive poor ESG ratings; ESG ratings capture a company's commitment to sustainable business practices, which can be quite strong even if its broader industry has lagged behind.

ESG investing combining purpose and performance

The number of investors looking to incorporate their social and environmental views into their portfolio is on the rise for various reasons.

- **Shifting Demographics**: A new generation of investors are seeking to put their money to work with purpose
- **Stakeholder Advocacy**: Constituencies and beneficiaries are increasingly pushing for more responsible investments
- **Government Policies**: Leaders are driving investment in renewables and reporting on social and environmental risks
- **Expanding Opportunities**: Heightened interest and continuous innovation are paving the way for sustainability-driven industries

Greenwich Associates insight

33%

of institutional ETF investors plan to increase their allocation to ESG strategies.[1]

Why invest in ESG ETFs

- Implement ESG criteria in a single trade
- Combining purpose and performance
- Impacting long-term risk return profile

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Combining purpose and performance

Finding investments that can deliver positive impact and achieve financial goals isn't easy. BlackRock brings together world class analytics and global resources to help investors put money to work for both purpose and performance by.

- **Increasing Transparency**: Explicit methodologies that address how environmental, social and governance characteristics from part of the fund construction methodology.
- **Making it Measurable**: Introducing new metrics that compare the differences in ESG features across funds.
- **Aligning with Goals**: Helping investors match opportunities to their obligations and goals – both financial and social.

The three pillars of sustainable investing

Exclusionary screens	ESG factors	Impact targets
Avoiding exposures that conflict with your social objectives	Focusing on companies that align with your social and financial objectives	Targeting outcomes that advance your social and financial objectives

1. Source: 2017 Greenwich Associates Institutional ETF Study, February 2017. Based on 132 responses: 19 insurance companies, 48 asset managers and 65 institutional funds.

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ESG investing to help manage risk

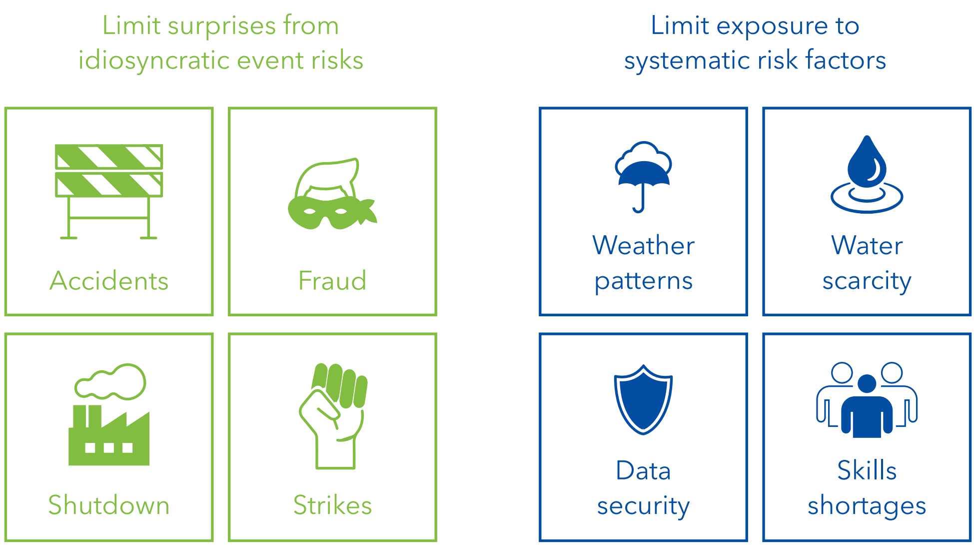
Risk can mean different things for different investors. Some may think of it as the volatility of a portfolio's returns, but ESG investors can consider risk from a different perspective: the permanent loss of capital.

With investing, avoiding companies susceptible to big losses can be just as important as picking the winners. ESG metrics can help investors go beyond traditional financial reporting to fully understand a company's profile to better gauge long-term risk and return prospects.

ESG issues not captured in financial analysis

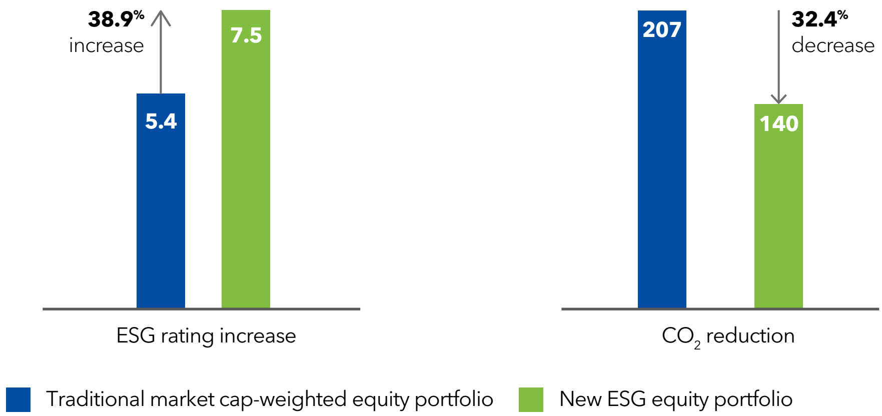
Even companies with healthy balance sheets or those that operate in tech-forward sectors can be susceptible to major news controversies that can influence their stock price. ESG investing provides investors with a rules-based, transparent mechanism for identifying companies that are prone to major controversies and can subsequently help investors experience less portfolio volatility over time.

Avoiding major market controversies



Impact on portfolio ESG rating and CO_2 reduction

While not having a material impact on the portfolio's risk-return, in this example the substitution of existing traditional exposure with similar ESG exposures provides a 32.4% reduction in CO2 emissions, as well as a 38.9% improvement in the overall ESG rating.



ESG Analysis Source: BlackRock Aladdin, MSCI ESG Research as at 31 August 2017. Carbon Intensity (Tons of CO_2/$m sales).

As illustrated by the concrete example investors could achieve a positive impact for the world by using ESG strategies, without necessarily sacrificing their risk-return profile.

The carbon emissions intensity difference between these two portfolios is a 32% decrease, equivalent to

263,900

Kilometers driven by an average passenger car

79

Acres of forests in one year

Sources: BlackRock, U.S. Environmental Protection Agency (EPA) Equivalencies Calculator as at 10 October 2017.

There is no guarantee that similar investment access will be available in the future. For illustrative purposes only.

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CHAPTER 3

ETF education

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Key attributes of iShares ETFs

Flexibility

Ability to utilise ETFs for a variety of applications, including: long-term core allocations, short-term tactical adjustments and risk management

Liquidity

Multiple layers of liquidity, potentially making ETFs more cost-efficient to trade than their underlying securities

Access

Access to broad and niche exposures, making investment views instantly actionable

Operational efficiency

Immediate exposure to a portfolio of securities in a single line item without the operational costs and complexities of derivatives

Transparency

Ability to view underlying ETF holdings daily

Securities lending[1]

Shares of the ETF itself may be lent out by an investor to help generate incremental yield

1. There is no guarantee that there will be borrower demand for shares of the iShares Funds, or that securities lending will generate any level of income. Distributions paid out of the Fund's net investment income, including income from securities lending, if any, are taxable to investors as ordinary income.

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ETF trading best practices

While each trade requires consideration, below are some best practices to consider when trading ETFs.

Knowledge of underlying

ETFs offer exposure to multiple asset classes and regions – be mindful of the underlying, market hours, holiday closures and trading dynamics.

Time of day

Markets can be more volatile near the open and close, and the efficiencies of ETF arbitrage are less prevalent in the Market on Open and Market on Close auctions. Consider trading after the first, and before the last, 20 minutes of the trading day. Consider underlying market opening hours as this could impact the pricing and liquidity of the ETF.

Order type

Make sure your order type is consistent with your goals. To help protect against swings, consider using limit/iceberg orders (especially in volatile markets). Avoid using market or stop-loss orders as these orders seek liquidity at any price, even in stressed markets.

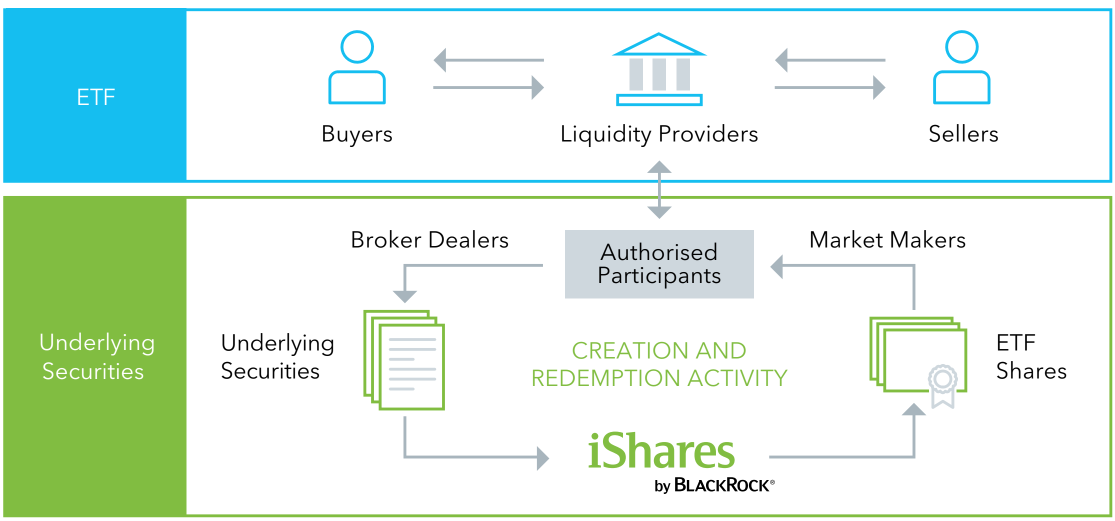
How are ETFs created and redeemed?

The creation/redemption process distinguishes ETFs from mutual funds and closed-end funds and enables many of their unique benefits. Unlike mutual funds in which investors interact with a fund company to buy or sell shares, ETF investors transact on an open exchange. The creation/redemption process facilitates liquidity between ETFs and their underlying assets.

ETF creation/redemption process in action

Most ETF trades occur on-exchange between buyers and sellers. The creation/redemption of ETF shares only occurs when there is a supply and demand imbalance for a specific ETF. For investors, the entire process is managed behind the scenes by a highly regulated network of institutions.

ETF shares are created or redeemed by large financial institutions called Authorized Participants ("APs") that work together with an ETF provider to help manage the market for ETFs.



- In the creation process, the AP buys the securities that make up the ETF and transfers them in-kind to the ETF provider, who creates new ETF shares. The AP then sells those new ETF shares on the stock exchange.
- In the redemption process, the AP transfers shares of the ETF in-kind to the ETF provider who exchanges them for the underlying securities of the ETF. The AP then sells those securities in the market.

Although Authorized Participants will generally take advantage of differences between the NAV and the trading price of iShares Fund shares through arbitrage opportunities, there is no guarantee that they will do so.

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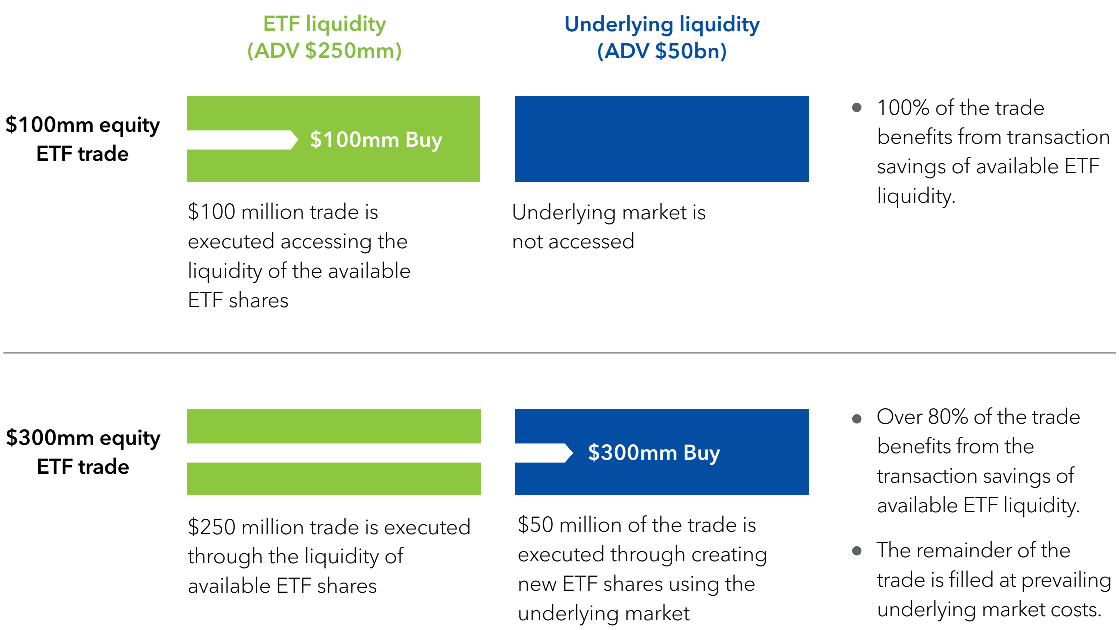
Can I trade an ETF that has a low ADV?

Due to the creation/redemption process, ETF ADV (average daily volume) is not indicative of total liquidity. ETFs have two layers of liquidity. The first, ETF liquidity, is on-exchange displayed liquidity and is readily available to trade. If it is insufficient, a second layer, the trading volume of the underlying securities, can be accessed via the creation/redemption process.

In many cases, ETF purchases can be fulfilled by existing ETF market liquidity on the exchange. Large trades exceeding the exchange liquidity result in the creation of new ETF shares to complete the remainder of an order.

Trades of all sizes can benefit from ETF liquidity



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How do bond ETFs trade in stressed markets?

Bond ETFs have weathered many stressed markets including the 2008 financial crisis, European sovereign debt crisis, U.S. Treasury downgrade, Taper Tantrum and many others.

During each of these events the following was observed:

1. **Increased volumes:** The trading volume on-exchange for bond ETFs increased as more investors opted to use them when it became difficult to transact in the bond market. At the same time, the trading that resulted from brokers redeeming shares has accounted for only a small part of overall bond market volume.
2. **No forced selling:** Even when ETF shares are redeemed, the ETF is not a forced seller. The redemption of shares is done through an in-kind transfer of bonds with an Authorized Participant. Thus the ETF itself does not need to sell bonds in order to fund redemptions.
3. **Discounts to NAV:** In a market with declining prices, an ETF may trade at a discount to its NAV. An ETF's NAV represents an estimated value of the bonds held by the ETF, but most bonds do not trade every day, making daily valuation challenging. ETFs trade throughout the day, and their prices reflect where investors are willing to buy and sell segments of the fixed income market. An ETF's NAV may lag its market price until bond trades occur in the market.

Can I trade options on ETFs?

Yes, investors have used ETF options in a number of portfolio applications, including:

- Accessing leveraged exposure to a broad or specific segment of the market
- Employing a yield enhancement strategy through covered calls
- Seeking portfolio protection through buying puts

An ETF option essentially represents an option on an entire portfolio of securities as opposed to a single stock or bond.

Can securities lending benefit my portfolio?

Securities lending is a well-established practice in which an investor who owns a security (lender) temporarily loans the security to a borrower in exchange for a fee. ETFs typically lend a portion of the underlying securities within the fund according to the fund's investment guidelines to help offset expenses and improve tracking for the fund.

For investors looking to potentially generate additional yield, it is also possible to lend shares of ETFs.

The graphic to the right describes how an ETF investor can potentially benefit from setting up a strategy to lend shares of the ETF itself. In this way, an investor can accrue the benefits of two levels of securities lending.

Can ETFs be used in place of futures?

An ETF allocation may generally be appropriate for buy-and-hold investors seeking long equity market exposure and requiring partially or fully funded positions. The flow chart to the right represents the basic considerations current users of futures should evaluate when determining if an ETF might be a better alternative to a futures position.

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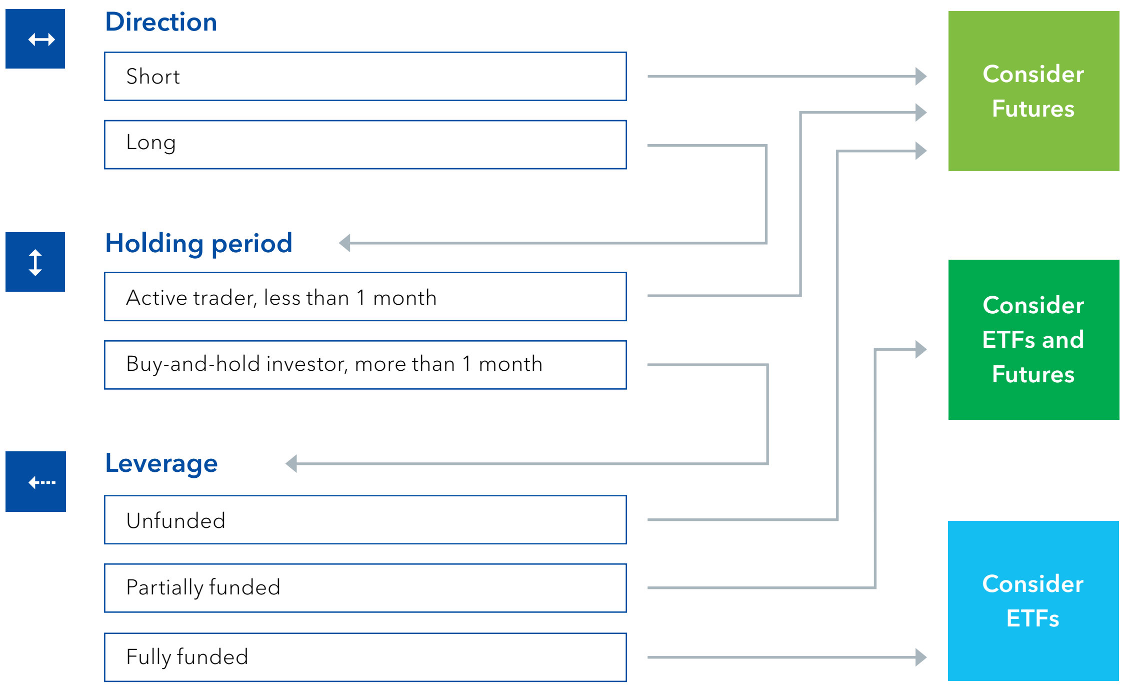
Is an ETF appropriate for my investment objectives?



Key suitability considerations

Direction: Generally, futures will be less expensive vehicles for investors desiring short exposure. For long positions, an ETF can be a lower-cost option.

Holding period: Futures contracts have to be rolled at least once a quarter, exposing investors to roll risk. ETFs have a predictable cost structure based on a management fee and do not need to be rolled, which can make them a viable option for long-term holders.

Leverage: Blending ETFs and futures positions can help achieve a desired level of leverage while limiting exposure to roll mispricing. For non-levered, buy-and-hold investors, ETFs may be an operationally simple and low-cost replacement for futures.

The strategies discussed are strictly for illustrative and educational purposes and are not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. There is no guarantee that any strategies discussed will be effective.

Lending ETF shares can potentially generate incremental yield

1st level of securities lending

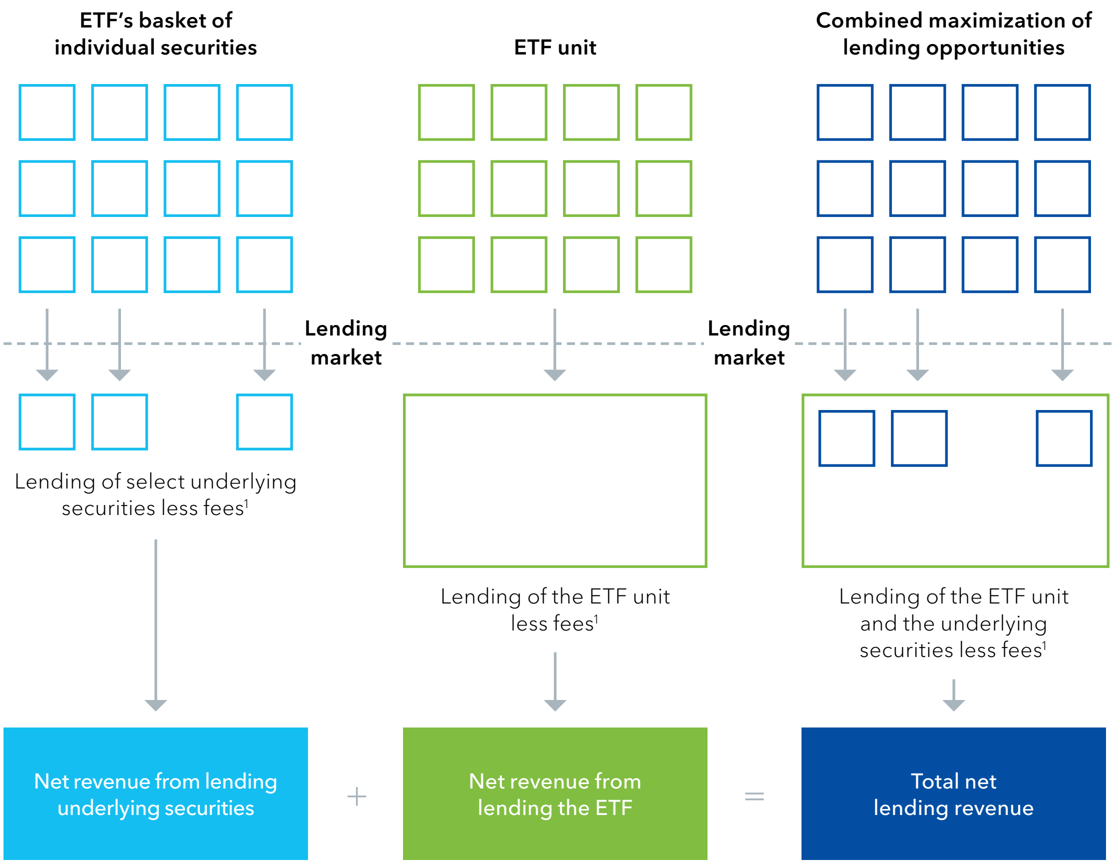
Underlying securities of an ETF are lent out and revenue is reflected in ETF performance.

2nd level of securities lending

ETF shares can be lent out, potentially providing additional yield to the ETF holder.

Combination of approaches

ETF holders can take advantage of both levels to maximize net lending revenue.



For illustrative purposes only.

1. Fees may include investment management fees, cash collateral fees and administrative costs, including but not limited to accounting, custody and audit fees.

Distributions paid out of the Fund's net investment income, including income from securities lending, if any, are taxable to investors as ordinary income. There is no guarantee that there will be borrower demand for shares of the iShares Funds, or that securities lending will generate any level of income. ETF share lending revenue is not an element of fund performance and share lending is not a service provided by iShares ETFs or BlackRock Fund Advisors ("BFA"), the funds' investment manager. Not a recommendation; no guarantee that any strategy will be effective. This illustration is not a complete analysis of every material fact respecting any strategy, and does not include commissions, tax implications or other transaction costs, which may significantly affect the economic consequences of a given strategy.

MKTG0618E-488538-1628323

What are the differences between bond ETFs, credit default swaps and total return swaps?

ETFs, credit default swaps (“CDX”/”iTraxx”) and total return swaps (“TRS”) each offer unique attributes, but can all be used to pursue the same goal of accessing broad or targeted fixed income beta exposure. A market participant’s preference for one product over the other will be a function of desired leverage, direction (long vs. short), holding period, on-demand liquidity requirements, operational constraints, and the relative cost and attractiveness of each vehicle in given market conditions.

Exchange Traded Funds (ETFs)

- ETFs are generally designed to track market indexes that can include exposure to both interest rates and credit spreads
- Increasing liquidity of certain ETFs can potentially offer low trading costs

Total Return Swaps (TRS)

- OTC swap products are designed to pay the total return on specified credit indexes
- Generally lower levels of liquidity and higher transaction costs (strike premiums and bid/offer spreads) relative to (“CDX”/”iTraxx”) and ETFs

Credit Default Swaps (CDX)

- Derivative contracts designed to target credit spreads
- Most liquid and actively traded credit products
- Potential for significant differences in performance versus cash bonds for sustained periods of time

Do ETF market price premiums and discounts to NAV suggest a problem with ETFs?

ETFs provide real-time, actionable trading prices. Premiums and discounts occur when the market prices of ETFs deviate away from net asset value ("NAV"). This is perfectly normal and may occur for three primary reasons:

1. U.S.-listed ETFs offer access to global stocks and bonds; however, they only transact during U.S. trading hours. With market-moving news occurring continuously, ETF prices can be a leading indicator of price movement in less liquid or closed markets.
2. ETF NAVs are calculated with end-of-day prices of the underlying securities. As a result, during periods of increased intra-day volatility, NAVs will differ from an ETF's market price as market participants buy and sell the ETF. Thus the ETF price reflects real-time, actionable clearing levels not captured by the previous day's closing NAV.
3. In the case of bond ETFs, market convention applies bid-side pricing to value index securities and arrive at a fund NAV. Meanwhile, the ETF market price will naturally oscillate around the full bid/offer spread of the underlying bonds depending on buying or selling pressure on-exchange. This may also result in market price premiums/discounts to NAV.

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Risk Warnings

Investment in the products mentioned in this document may not be suitable for all investors. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. The price of the investments may go up or down and the investor may not get back the amount invested. Your income is not fixed and may fluctuate. The value of investments involving exposure to foreign currencies can be affected by exchange rate movements. We remind you that the levels and bases of, and reliefs from, taxation can change.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. The data displayed provides summary information. Investment should be made on the basis of the relevant Prospectus which is available from the manager.

In respect of the products mentioned this document is intended for information purposes only and does not constitute investment advice or an offer to sell or a solicitation of an offer to buy the securities described within. This document may not be distributed without authorisation from BlackRock Advisors (UK) Limited.

iShares $ TIPS UCITS ETF

Concentration Risk: Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events.

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily.

iShres Core FTSE 100 UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

iShares Edge MSCI Europe Minimum Volatility UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Environmental, Social and Governance (ESG) Risk: The benchmark index's ESG rating assessment of an issuer's performance is intended to be relative to the standards of the issuer's industry peers.

No exclusion (apart from controversial weapons) is made on the basis of how ethical a particular industry/sector is perceived to be. Investors should therefore make a personal ethical assessment of the Index prior to investing in the Fund.

Factor Focus Risk: Indices with a factor focus are less diversified than their parent index because they have predominant exposure to a single factor rather than the multiple factor exposure of most indices. Therefore they will be more exposed to factor related market movements. Investors should consider this fund as part of a broader investment strategy.

Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily.

Multi-Factor Focus Risk: Indices with a multi-factor focus are less diversified than their parent index because they focus on four investment style factors rather than a broader market exposure. Therefore they will be more exposed to factor related market movements. Investors should consider this Fund as part of a broader investment strategy.

Volatility risk: The Fund tracks an index comprising securities with lower volatility historically. "Minimum volatility" in the Fund's name refers to its underlying index exposure and not to its trading price. There is no guarantee that the trading price of its shares on exchanges will have low volatility

iShares Edge MSCI Europe Momentum Factor UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Emerging Markets Risk: Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Factor Focus Risk: Indices with a factor focus are less diversified than their parent index because they have predominant exposure to a single factor rather than the multiple factor exposure of most indices. Therefore they will be more exposed to factor related market movements. Investors should consider this fund as part of a broader investment strategy.

Index Methodology Risk: Although the Benchmark Index was created to select securities within the Parent Index for their recent price increases on the assumption that such increases will continue, there is no guarantee this objective will be achieved.

iShares Edge MSCI Europe Quality Factor UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

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Factor Focus Risk: Indices with a factor focus are less diversified than their parent index because they have predominant exposure to a single factor rather than the multiple factor exposure of most indices. Therefore they will be more exposed to factor related market movements. Investors should consider this fund as part of a broader investment strategy.

Index Methodology Risk: Although the Benchmark Index was created to select securities within the Parent Index for their recent price increases on the assumption that such increases will continue, there is no guarantee this objective will be achieved.

iShares Edge MSCI Europe Size Factor UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Emerging Markets Risk: Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Factor Focus Risk: Indices with a factor focus are less diversified than their parent index because they have predominant exposure to a single factor rather than the multiple factor exposure of most indices. Therefore they will be more exposed to factor related market movements. Investors should consider this fund as part of a broader investment strategy.

Index Methodology Risk: Although the Benchmark Index was created to select securities within the Parent Index for their recent price increases on the assumption that such increases will continue, there is no guarantee this objective will be achieved.

Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily.

Smaller Companies Risk: Shares in smaller companies typically trade in less volume and experience greater price variations than larger companies.

iShares Edge MSCI Europe Value Factor UCITS ETF EUR (Acc)

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Emerging Markets Risk: Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Factor Focus Risk: Indices with a factor focus are less diversified than their parent index because they have predominant exposure to a single factor rather than the multiple factor exposure of most indices. Therefore they will be more exposed to factor related market movements. Investors should consider this fund as part of a broader investment strategy.

Index Methodology Risk: Although the Benchmark Index was created to select securities within the Parent Index for their recent price increases on the assumption that such increases will continue, there is no guarantee this objective will be achieved.

iShares MSCI EM SRI UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Currency Risk: The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.

Derivatives Risk: Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.

Emerging Markets Risk: Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Environmental, Social and Governance (ESG) Risk: The benchmark index's ESG rating assessment of an issuer's performance is intended to be relative to the standards of the issuer's industry peers. No exclusion (apart from controversial weapons) is made on the basis of how ethical a particular industry/sector is perceived to be. Investors should therefore make a personal ethical assessment of the Index prior to investing in the Fund.

Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily.

iShares MSCI EM UCITS ETF USD (Dist)

Currency Risk: The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.

Derivatives Risk: Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.

Emerging Markets Risk: Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily.

iShares MSCI Europe SRI UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

iShares MSCI Europe UCITS ETF EUR (Acc)

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

iShares MSCI Japan SRI UCITS ETF USD (Acc)

Concentration Risk: Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events.

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Environmental, Social and Governance (ESG) Risk: The benchmark index's ESG rating assessment of an issuer's performance is intended to be relative to the standards of the issuer's industry peers. No exclusion (apart from controversial weapons) is made on the basis of how ethical a particular industry/sector is perceived to be. Investors should therefore make a personal ethical assessment of the Index prior to investing in the Fund.

Japan Risk: The Japan economy is sensitive to environmental events and the country may be subject to political and economic risks. The Funds investing in this country may be exposed to these risks and to potential loss.

iShares MSCI Japan UCITS ETF USD (Acc)

Concentration Risk: Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Japan Risk: The Japan economy is sensitive to environmental events and the country may be subject to political and economic risks. The Funds investing in this country may be exposed to these risks and to potential loss.

iShares MSCI USA SRI UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Environmental, Social and Governance (ESG) Risk: The benchmark index's ESG rating assessment of an issuer's performance is intended to be relative to the standards of the issuer's industry peers. No exclusion (apart from controversial weapons) is made on the basis of how ethical a particular industry/sector is perceived to be. Investors should therefore make a personal ethical assessment of the Index prior to investing in the Fund.

iShares MSCI USA UCITS ETF

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Regulatory Information

BlackRock Advisors (UK) Limited, which is authorised and regulated by the Financial Conduct Authority ('FCA'), having its registered office at 12 Throgmorton Avenue, London, EC2N 2DL, England, Tel +44 (0)20 7743 3000, has issued this document for access by Professional Clients only and no other person should rely upon the information contained within it. For your protection, calls are usually recorded. iShares plc, iShares II plc, iShares III plc, iShares IV plc, iShares V plc, iShares VI plc and iShares VII plc (together 'the Companies') are open-ended investment companies with variable capital having segregated liability between their funds organised under the laws of Ireland and authorised by the Central Bank of Ireland.

Further information about the Fund and the Share Class, such as details of the key underlying investments of the Share Class and share prices, is available on the iShares website at www.ishares.com or by calling +44 (0)845 357 7000 or from your broker or financial adviser. The indicative intra-day net asset value of the Share Class is available at http://deutsche-boerse.com and/or http://www.reuters.com. Investors who are not Authorised Participants must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so. In addition, as the market price at which the Shares are traded on the secondary market may differ from the Net Asset Value per Share, investors may pay more than the then current Net Asset Value per Share when buying shares and may receive less than the current Net Asset Value per Share when selling them.

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For investors in Austria

The funds mentioned in this document are registered for public offer in Austria. The Sales Prospectuses for the Companies, Key Investor Information Document and other documents as well as the annual and semi-annual reports have been published in Austria and are available free of charge from UniCredit Bank AG Vienna Branch, Julius Tandler Platz 3, 1090 Vienna, Austria, the Austrian paying and information agent and are also available on the website www.ishares.at. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. The Companies intend to fulfil the requirements for treatment of all of their sub-funds as reporting funds. Therefore the Companies have an Austrian tax representative who calculates the Austrian Deemed Distributed Income figures once a year and files an electronic tax return with the Austrian Control Bank. However, it cannot be guaranteed that the requirements will be met in the future. The Companies reserve the right to give up the reporting fund status and to not undertake such tax filings.

For investors in Denmark

This document is directed at Professional Investors in Denmark only and the Funds are authorised by Finanstilsynet, the Danish Financial Supervisory Authority. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts and the Danish country supplements. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Copies of all documentation can be obtained free of charge from offices of the paying agent in Denmark BlackRock Copenhagen Branch, filial af BlackRock Investment Management (UK) Limited Harbour House, Sundkrogsgade 21, 2100 København Ø, Denmark. This document is strictly confidential and may not be distributed without authorisation from BlackRock Advisors (UK) Limited.

For investors in Finland

The funds mentioned are registered for public distribution in Finland and are authorised by the Finanssivalvonta (Fiva), the Financial Supervisory Authority (FIN-FSA), in Finland. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. This document is strictly confidential and may not be distributed without authorisation from BlackRock Advisors (UK) Limited.

For investors in France

Any subscription for shares in a sub-fund of one of the companies will be carried out according to the conditions specified in the full Prospectus, Key Investor Information Document, the French Addendum and in the Supplements of Companies as the case may be. These documents can be obtained by contacting the paying agent of the Company: BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris, tel: 00 33 1 42 98 10 00 or by visiting the French part of the site www.iShares.eu. The companies are undertakings for collective investment in transferable securities (UCITS) governed by foreign laws and approved by the Financial Regulator in the home state as a UCITS complying with European regulations. The European Directive 2009/65/EC of July 13, 2009 on UCITS, as amended, establishes common rules in order to allow the cross-border marketing of UCITS which comply with it. This common foundation did not prohibit different methods of implementation. This is why a European UCITS may be marketed in France even though the activity of such scheme would not respect rules identical to those which govern the approval of this type of product in France. This sub fund has been authorized for marketing in France by the Autorité des Marchés Financiers. Please note that the distribution of shares of some sub funds of funds is not allowed in France. This document does not constitute an offer or a solicitation in relation to the shares of the funds.

For investors in Germany

The Sales Prospectus and Key Investor Information Document, as well as the annual and semi-annual reports are available free of charge from Commerzbank Kaiserplatz, 60311 Frankfurt am Main, Germany. The Companies intend to fulfil the prerequisites for treatment of their sub-funds as so-called "transparent funds" pursuant to §§ 2 and 4 of the German Investment Tax Act (Investmentsteuergesetz – InvStG). However, it cannot be guaranteed that the requirements will be met. The Companies reserve the right to give up the "transparent status" and to not undertake the necessary publications. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Please note that important information about iShares VII funds is available in the current prospectus and other documents that can be obtained free of charge from the paying agent, Deutsche Bank AG Taunusanlage 12, 60325 Frankfurt am Main, Federal Republic of Germany.

For investors in Italy

Any application for shares in the funds is on the terms of the Prospectus, Key Investor Information Document, for the Companies. The Shares of certain sub-funds in the Companies have been admitted to listing in Italy and are currently listed on the Mercato Telematico Fondi of Borsa Italiana S.p.A. The list of the sub-funds listed in Italy, the Prospectus, of the Companies, the Documento di quotazione of the iShares funds, the latest annual and semi annual report of the Companies are published (i) on the Companies' internet website at the address www.iShares.com and (ii) on Borsa Italiana S.p.A's website at the address www.borsaitalia.it. These documents are available for the public in Italian version with certification that such documents are a faithful translation of the original documents. Investors are entitled to receive free of charge, even at home, a copy of the above documents, upon written request forwarded to the Companies. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. For comprehensive information on the expenses charged to a fund and fees applicable to investors, see the Documento di quotazione and the Prospectus.

For investors in Luxembourg

The Companies have been notified to the Commission de Surveillance du Secteur Financier in Luxembourg in order to market their shares for sale to the public in Luxembourg and the Companies are notified Undertaking in Collective Investment for Transferable Securities (UCITS). The Companies have not been listed on the Luxembourg Stock Exchange, investors should contact their broker for further information. Investment is subject to the Prospectus, Key Investor Information Document and all documents (the main/umbrella Prospectus, the Supplement[s], the latest and any previous annual and semi-annual reports of the Companies and the Memorandum and Articles of Association of the Companies) will be available in the Luxembourg, free of charge, from the offices of the Local Agent, BNP Paribas Securities Services, Luxembourg Branch 33, rue de Gasperich Howald – Hesperange L-2085 Luxembourg or by visiting the website on www.iShares.com. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

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For investors in Norway

The funds mentioned are registered for public distribution in Norway and are authorised by Kredittilsynet, the Financial Supervisory Authority of Norway. Any application for shares in the funds is on the terms of the Prospectus, Key Investor Information Document for the Companies. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. This document is strictly confidential and may not be distributed without authorisation from BlackRock Advisors (UK) Limited.

For investors in Portugal

Some of the Funds are not authorised by Comissão do Mercado dos Valores Mobiliários for public commercialization in Portugal. The offer of the funds is legally qualified as a private placement as it is exclusively addressed to institutional investors as final investors and was not preceded or accompanied by any promotion, or by the obtention of investment orders before undetermined investors or by an advertisement promotion, pursuant to Decree Law no. 63-A/2013, dated as of May 10, 2013. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should acknowledge the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

For investors in Spain

The funds mentioned are registered for public distribution in Spain.The sales Prospectus has been registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores ('CNMV')). The funds which are registered in the official registry of the Spanish Securities and Exchange Commission (CNMV) are iShares plc (registration number 801), iShares II plc (registration number 802) and iShares III plc (registration number 806), iShares IV plc (registration number 1402), iShares V plc (registration number 977), iShares VI plc (registration number 1091), iShares VII plc (registration number 886) and iShares (Lux) (registration number 905). The official registry, CNMV, must always be checked to see which sub funds of the funds mentioned are registered for public distribution in Spain. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts, copies of which can be obtained free of charge at www.iShares.es. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. This document contains products or services of BlackRock, Inc. (or affiliates thereof) that might be offered directly or indirectly within the Andorran jurisdiction, and it should not be regarded as solicitation of business in any jurisdiction including the Principality of Andorra.

For investors in Sweden

The Funds mentioned herein are registered for public distribution in Sweden and are authorised by Finansinspektionen, the Swedish Financial Supervisory Authority. Any application for shares in the funds is on the terms of the Prospectus, Key Investor Information Document, for the Companies. Important information relating to the Companies is contained in the relevant Prospectus, Key Investor Information Document and other documents, copies of which can be obtained free of charge from offices of the paying agent BlackRock Investment Management (UK) Limited, Stockholm Filial Norrlandsgatan 16, 1 floor, SE-111 43 Stockholm, Sweden. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor

Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Please note that important information about iShares V funds is available in the current prospectus and other documents that can be obtained free of charge from the paying agent BlackRock Investment Management (UK) Limited, Stockholm Filial Norrlandsgatan 16, 1 floor, SE-111 43 Stockholm, Sweden.

For investors in Switzerland

The iShares ETFs are domiciled in Ireland, Switzerland and Germany.

BlackRock Asset Management Schweiz AG, Bahnhofstrasse 39, CH-8001 Zurich, is the Swiss Representative and State Street Bank International GmbH, Munich, Zurich Branch, Beethovenstrasse 19, CH-8002 Zürich, the Swiss Paying Agent for the foreign iShares ETFs registered in Switzerland. The Prospectus, the Prospectus with integrated fund contract, the Key Investor Information Document, the general and particular conditions, the Articles of Incorporation, the latest and any previous annual and semi-annual reports of the iShares ETFs domiciled or registered in Switzerland are available free of charge from BlackRock Asset Management Schweiz AG. Investors should read the fund specific risks in the Key Investor Information Document and the Prospectus.

For investors in the Netherlands

The Companies have been notified to the Authority Financial Markets in line with the registration process set out in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht; "FMSA"), regulations enacted pursuant thereto and the supervision thereunder of the Authority Financial Markets. Copies of all documents (the main/umbrella Prospectus, Key Investor Information Document, the Supplement[s], the latest and any previous annual and semi-annual reports of the Companies and the Memorandum and Articles of Association of the Companies) will be available in the Netherlands, free of charge, from the offices of the representative in the Netherlands, BlackRock Investment Management (UK) Limited, Rembrandt Toren, 17th floor, Amstelplein 1, 1096 HA Amsterdam, Netherlands or by calling the Dutch representative's information request line on 0800 0233 466 and the iShares website www.ishares.nl. Any decision to invest should be based on the information contained in the Prospectus and the key investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

For investors in the UK

Most of the protections provided by the UK regulatory system do not apply to the operation of the Companies, and compensation will not be available under the UK Financial Services Compensation Scheme on its default. The Companies are recognised schemes for the purposes of the Financial Services and Markets Act 2000. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

Restricted Investors

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