

3 May 2018

Market Announcements Office
ASX Limited

FOR RELEASE TO ALL FUNDS BELOW

ISHARES, INC. & ISHARES TRUST – NOTICE OF CDI HOLDER MEETING & JOINT PROXY STATEMENT

BlackRock Investment Management (Australia) Limited (**BlackRock**), on behalf of iShares, Inc. and iShares Trust (the **Corporations**), makes this announcement regarding the following US domiciled iShares® exchange traded funds (**Funds**).

ASX Code	Issuing Entity	Fund Name
IAA	iShares Trust	iShares Asia 50 ETF
IZZ	iShares Trust	iShares China Large-Cap ETF
IEU	iShares Trust	iShares Europe ETF
IOO	iShares Trust	iShares Global 100 ETF
IXI	iShares Trust	iShares Global Consumer Staples ETF
IXJ	iShares Trust	iShares Global Healthcare ETF
IVE	iShares Trust	iShares MSCI EAFE ETF
IVV	iShares Trust	iShares S&P 500 ETF
IJH	iShares Trust	iShares S&P Mid-Cap ETF
IJR	iShares Trust	iShares S&P Small-Cap ETF
IEM	iShares, Inc.	iShares MSCI Emerging Markets ETF
IJP	iShares, Inc.	iShares MSCI Japan ETF
IKO	iShares, Inc.	iShares MSCI South Korea ETF
ITW	iShares, Inc.	iShares MSCI Taiwan ETF

A meeting of eligible investors for each of the Funds will be held at the offices of Computershare Investor Services Pty Limited (**Computershare**), Level 4, 60 Carrington St, Sydney NSW 2000, on **Friday 22 June 2018 at 10:00 am**.

Why is a meeting of investors being called?

The Corporations, in conjunction with BlackRock, are proposing to simplify the way the Funds are offered to Australian investors on the Australian Securities Exchange (**ASX**). Benefits to investors include:

- Less on-going administration with a simpler tax regime by removing the need for Australian investors and their advisors to complete US tax forms (known as “W-8BEN” forms)
- The opportunity to participate in a distribution reinvestment plan for future distributions
- An overall client experience aligned with all products in the iShares Australian product suite, including distributions, tax statements, and communications

The proposed changes will have **NO** impact on investors’ investment exposures and management fees.

Currently, investments in the Funds are held as CHESS depositary interests (**CDI**) which give investors an interest in the shares of each US domiciled Fund. If approved, the proposed changes will mean that CDIs held by investors in the Funds will be converted into units of a new corresponding Australian domiciled iShares ETF on a 1 for 1 basis (1 CDI for 1 unit). The new Australian domiciled iShares ETF will be issued by BlackRock, as responsible entity, and will invest in the shares of its corresponding US domiciled Fund.



A Notice of Meeting and Joint Proxy Statement have been issued in respect of the upcoming investor meeting. A product disclosure statement has also been issued by BlackRock, as responsible entity, in respect of each new Australian domiciled iShares ETF (**PDS**). The Notice of Meeting, Joint Proxy Statement and PDS follow this announcement. We urge you to read these documents, all of which are also available to investors electronically, online at www.investorvote.com.au. Investors may elect to receive a paper copy of these documents, free of charge, by contacting Computershare using the below contact details.

The board of directors or trustees of each Corporation (each a **Board**) considers the proposed changes to be in the best interests of investors.

Each Board unanimously recommends that eligible investors vote, or submit voting instructions, “**FOR**” the proposed changes.

Lodge your vote online at www.investorvote.com.au

To vote on each holding investors will need their SRN/HIN number, their registered postcode (or country if outside of Australia) and the vote control number for each iShares ETF holding, as shown below.

ASX Code	Fund name	Investor vote control number
IAA	iShares Asia 50 ETF	181551
IZZ	iShares China Large-Cap ETF	181552
IEU	iShares Europe ETF	181553
IOO	iShares Global 100 ETF	181554
IXI	iShares Global Consumer Staples ETF	181555
IXJ	iShares Global Healthcare ETF	181556
IVE	iShares MSCI EAFE ETF	181557
IVV	iShares S&P 500 ETF	181446
IJH	iShares S&P Mid-Cap ETF	181558
IJR	iShares S&P Small-Cap ETF	181559
IEM	iShares MSCI Emerging Markets ETF	181560
IJP	iShares MSCI Japan ETF	181561
IKO	iShares MSCI South Korea Capped ETF	181563
ITW	iShares MSCI Taiwan Capped ETF	181564

If you require further information please contact the Computershare on 1300 474 273 between 8:30 am and 5:00pm (AEST), Monday to Friday.

We are investing in our business, to help make investing in iShares ETFs simpler for Australian investors and advisers to build globally diversified portfolios, and by reducing ongoing administration. We thank you for your continued support of iShares and BlackRock.

Important Notice

Before investing in an iShares ETF, you should carefully consider whether such products are appropriate for you, read the applicable prospectus or product disclosure statement (PDS) available at www.blackrock.com.au and consult an investment adviser.

An iShares ETF is not sponsored, endorsed, issued, sold or promoted by the provider of the index which a particular fund seeks to track. No index provider makes any representation regarding the advisability of investing in the iShares ETFs. Further information on the index providers can be found on BIMAL’s website terms and conditions at www.blackrock.com.au.

For more information about iShares ETFs go to www.blackrock.com/au/ishares or call 1300 474 273.

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** END **

iShares Trust & iShares, Inc. Notice of CDI Holder Meeting & Joint Proxy Statement



Dated: 3 May 2018

CDI Holder meeting to be held on:

22 June 2018 at 10.00 am (Sydney time)
Level 4
60 Carrington Street
Sydney
NSW 2000

Reorganisation proposal in relation to the following:

ASX Code	Issuing Entity	iShares ETF ASX Trading Name
IAA	iShares Trust	iShares Asia 50 ETF
IZZ	iShares Trust	iShares China Large-Cap ETF
IEU	iShares Trust	iShares Europe ETF
IOO	iShares Trust	iShares Global 100 ETF
IXI	iShares Trust	iShares Global Consumer Staples ETF
IXJ	iShares Trust	iShares Global Healthcare ETF
IVE	iShares Trust	iShares MSCI EAFE ETF
IVV	iShares Trust	iShares S&P 500 ETF ¹
IJH	iShares Trust	iShares S&P Mid-Cap ETF ²
IJR	iShares Trust	iShares S&P Small-Cap ETF ³
IEM	iShares, Inc.	iShares MSCI Emerging Markets ETF
IJP	iShares, Inc.	iShares MSCI Japan ETF
IKO	iShares, Inc.	iShares MSCI South Korea ETF
ITW	iShares, Inc.	iShares MSCI Taiwan ETF

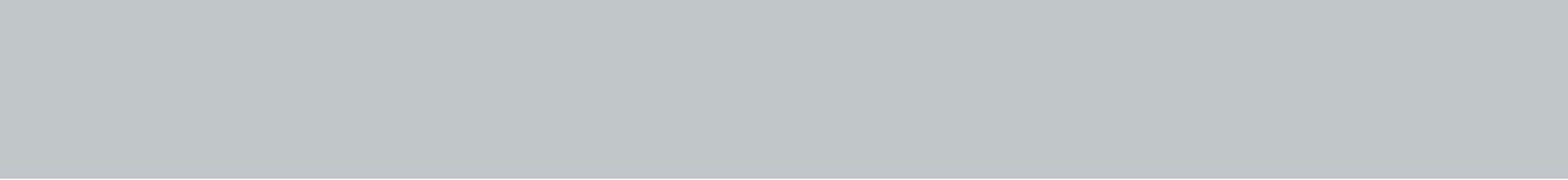
1. Legal name of iShares ETF: iShares Core S&P 500 ETF
2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

Issued by:

iShares Trust
ARBN 125 632 411

iShares, Inc.
ARBN 125 632 279

BlackRock Investment Management (Australia) Limited
ABN 13 006 165 975



Purpose of this document

This notice of meeting (**Notice of Meeting**) and the accompanying Joint Proxy Statement (**Proxy Statement**), dated 3 May 2018, provide the relevant holders of CHESS Depository Interests (**CDIs**) in respect of the shares in each of the below listed series of exchange traded funds (each an **iShares ETF**) issued by iShares Trust ARBN 125 632 411 or iShares, Inc. ARBN 125 632 279 (**iShares Trust, iShares Inc, and together the Corporations**) with information about the proposed reorganisation of the Australian offer of the iShares ETFs.

The reorganisation will involve the exchange of CDIs in respect of the shares of the iShares ETFs for units in newly established Australian registered managed investment schemes (each a **New Australian ETF**) that will be issued by BlackRock Investment Management (Australia) Limited (**BIMAL**) as responsible entity and quoted on ASX under the AQUA Rules. Each New Australian ETF will invest in a corresponding iShares ETF (initially by holding CDIs in respect of the shares of the iShares ETF and later through holding shares of the iShares ETF) (the **Reorganisation**).

You have received this Notice of Meeting because you were recorded on the CDI register of at least one iShares ETF on 26 April 2018 (**Notice of Meeting Record Date**) as the holder of a CDI of that iShares ETF (**CDI Holder**). As a CDI Holder as of the Notice of Meeting Record Date, you are entitled to notice of, and to vote at, the CDI Holder Meeting, each of which is to be held consecutively, and any adjournments, postponements or delays thereof.

If approved by CDI Holders, the Reorganisation will mean that all CDI Holders as at the record date of the Reorganisation (**Reorganisation Record Date**), including those new CDI Holders who acquired CDIs after the Notice of Meeting Record Date and therefore are not entitled to participate in or vote at the CDI Holder Meeting, will hold units in a New Australian ETF, instead of CDIs in respect of the shares of an iShares ETF, therefore changing the way in which CDI Holders invest in and gain exposure to each iShares ETF.

This Notice of Meeting and Proxy Statement is issued by iShares Trust as the issuer of shares and as the principal issuer (pursuant to section 13 of the ASX Settlement Operating Rules) of the CDIs in relation to the following iShares ETFs. iShares Trust is only responsible for the content in this Notice of Meeting and Proxy Statement to the extent to which it relates to the following iShares ETFs:

- ▶ iShares Asia 50 ETF;
- ▶ iShares China Large-Cap ETF;
- ▶ iShares Europe ETF;
- ▶ iShares Global 100 ETF;
- ▶ iShares Global Consumer Staples ETF;
- ▶ iShares Global Healthcare ETF;
- ▶ iShares MSCI EAFE ETF;
- ▶ iShares S&P 500 ETF¹;
- ▶ iShares S&P Mid-Cap ETF²; and
- ▶ iShares S&P Small-Cap ETF³.

This Notice of Meeting and Proxy Statement is also issued by iShares Inc, as the issuer of shares and as the principal issuer (pursuant to section 13 of the ASX Settlement Operating Rules) of the CDIs in relation to the following iShares ETFs. iShares Inc is only responsible for the content in this Notice of Meeting and Proxy Statement to the extent to which it relates to the following iShares ETFs:

- ▶ iShares MSCI Emerging Markets ETF;
- ▶ iShares MSCI Japan ETF;
- ▶ iShares MSCI South Korea ETF; and
- ▶ iShares MSCI Taiwan ETF.

The Proxy Statement is also issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 (**BIMAL**), as responsible entity for the New Australian ETFs and a delegate of the Corporations appointed pursuant to an Instrument of Delegation and Authority and Intermediary Authorisation Agreement to the extent to which it relates to the New Australian ETFs. BIMAL is only responsible for the content in the Proxy Statement to the extent to which it relates to the New Australian ETFs. BIMAL holds an Australian Financial Services Licence (number 230523). iShares Trust and iShares Inc are authorised representatives of BIMAL pursuant to a Corporate Authorised Representative Deed.

This Notice of Meeting and Proxy Statement is being issued for the purpose of obtaining the approval of CDI Holders to the Reorganisation in accordance with ASX Operating Rule 10A.3.1(ca). While the Reorganisation does not technically involve the type of conversion contemplated by ASX Operating Rule 10A.3.1(ca) but rather involves the exchange of a CDI interest issued by a Corporation in an iShares ETF that will be subsequently delisted, for an interest issued by BIMAL in a newly established New Australian ETF to be quoted on the ASX under the AQUA Rules, ASX has confirmed that this rule will apply to the Reorganisation.

This document has been prepared without reference to your investment objectives, financial situation, tax position or particular needs. You should consider the appropriateness of this information for you, having regard to your own objectives, financial situation or needs. You should consider the contents of this document carefully, including the Product Disclosure Statement (**PDS**) for the New Australian ETFs. Before deciding how to vote on the Reorganisation, you may also wish to obtain independent advice, particularly about such individual matters as taxation, retirement planning and investment risk tolerance.

CDI Holders should read this document, including the PDS for the New Australian ETF, in its entirety before making a decision as to how to vote on the Reorganisation. If you have any questions, please contact Computershare Investor Services Pty Limited (**Computershare**), who has been appointed as its agent by the Corporations to receive Proxy and Voting Forms, on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia) or visit www.investorvote.com.au, which contains information on the Reorganisation.

1. Legal name of iShares ETF: iShares Core S&P 500 ETF
2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

Forward looking statements

Certain statements in this document relate to the future. The forward looking statements in this document are not based on historical facts, but rather reflect the current expectations of each Corporation and/or BIMAL concerning future results and events. These statements generally may be identified by the use of forward looking words or phrases such as “believe”, “aim”, “expect”, “anticipated”, “intending”, “foreseeing”, “likely”, “should”, “planned”, “may”, “estimate”, “potential”, or other similar words and phrases. Similarly, statements that describe the objectives, plans, goals or expectations of each Corporation and/or BIMAL are or may be forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Corporations and/or BIMAL to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future operating strategies and the environment in which the Corporations and/or BIMAL will operate in the future.

There are a number of factors that could affect future results of the Corporations and/or BIMAL, causing these results to differ materially from those expressed, implied or projected in any forward looking statements. These factors could cause actual results to differ materially from those expressed in any forward looking statement. Other unknown factors could also have a material adverse effect on future results of the Corporations and/or BIMAL.

Forward looking statements should, therefore, be construed in light of such factors and undue reliance should not be placed on forward looking statements.

The forward looking statements in this document reflect views held only at the date of this document. Subject to any continuing obligations under the Corporations Act 2001 (Cth) (**Corporations Act**), the Corporations, BIMAL and their directors disclaim any obligation or undertaking to distribute after the date of this document any updates or revisions to any forward looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Privacy and personal information

The Corporations and BIMAL and their respective registries may collect personal information in the process of undertaking the Meeting. The personal information may include the names, addresses, other contact details and details of the holdings of the CDI Holders, and the names of individuals appointed by the CDI Holders as proxies, corporate representatives or attorneys at the Meeting.

CDI Holders who are individuals and other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia), in the first instance if they wish to request access to that personal information.

The personal information is collected for the primary purpose of assisting the Corporations and BIMAL to conduct the Meeting. The personal information may be disclosed to the CDI Holder/unit registry, related bodies corporate of the Corporations or BIMAL, third party service providers, including print and mail service providers and parties otherwise involved in the conduct of the Meeting, professional advisers and to regulatory authorities, and also where disclosure is otherwise required or allowed by law. Personal information of CDI Holders may also be used to call them in relation to their CDI holdings.

CDI Holders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should ensure that they inform such an individual of the matters outlined above.

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Your vote is important. You can vote on the Internet, by mail, by email, by fax, or in person or by proxy at the Meeting.

This is an important document and requires your immediate attention. You should read this document in its entirety before making a decision on how to vote on the Reorganisation.

Please take a few moments to vote your CDIs. Even if you plan to attend the Meeting in person, please promptly submit EACH Proxy and Voting Form that you receive via the Internet, by mail, by email or by fax. To ensure your Proxy and Voting Form is valid, you should return it by 10.00am (Sydney time) on **20 June 2018**.

Please refer to the section of the Proxy Statement titled “Meeting details, voting and eligibility” to determine how you can vote.

If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser without delay.

Contact details

If you have any questions about the Reorganisation, please contact Computershare Investor Services Pty Limited (**Computershare**), who has been appointed as its agent by the Corporations to receive Proxy and Voting Forms, on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia). Alternatively, visit www.investorvote.com.au, which contains information on the Reorganisation.

iShares Trust & iShares, Inc. Notice of CDI Holder Meeting

ASX Code	Issuing Entity	iShares ETF ASX Trading Name
IAA	iShares Trust	iShares Asia 50 ETF
IZZ	iShares Trust	iShares China Large-Cap ETF
IEU	iShares Trust	iShares Europe ETF
IOO	iShares Trust	iShares Global 100 ETF
IXI	iShares Trust	iShares Global Consumer Staples ETF
IXJ	iShares Trust	iShares Global Healthcare ETF
IVE	iShares Trust	iShares MSCI EAFE ETF
IVV	iShares Trust	iShares S&P 500 ETF ¹
IJH	iShares Trust	iShares S&P Mid-Cap ETF ²
IJR	iShares Trust	iShares S&P Small-Cap ETF ³
IEM	iShares, Inc.	iShares MSCI Emerging Markets ETF
IJP	iShares, Inc.	iShares MSCI Japan ETF
IKO	iShares, Inc.	iShares MSCI South Korea ETF
ITW	iShares, Inc.	iShares MSCI Taiwan ETF

iShares Trust ARBN 125 632 411 and iShares, Inc. ARBN 125 632 279 (**iShares Trust, iShares Inc** and together, the **Corporations**) give notice that a meeting (the **Meeting**) of all holders of CHESD Depository Interests (**CDIs**) in respect of shares of each of the above listed series of exchange traded funds (each an **iShares ETF**) issued by either Corporation will be held at:

- Time:** 10.00 am (Sydney time)
- Date:** 22 June 2018
- Place:** Level 4, 60 Carrington St, Sydney NSW 2000
- Business:** To vote on the below resolution

You have received this Notice of CDI Holder Meeting (**Notice of Meeting**) because you were recorded on the CDI register of at least one iShares ETF on 26 April 2018 (**Notice of Meeting Record Date**) as the holder of a CDI of that iShares ETF (**CDI Holder**). As a CDI Holder, you are entitled to notice of, and to vote at, the Meeting and any adjournments, postponements or delays thereof.

The purpose of the Meeting is to seek CDI Holder approval to implement a reorganisation of the Australian offer of the iShares ETFs, which will involve the exchange of CDIs in respect of the shares of the iShares ETFs for units in newly established Australian registered managed investment schemes (each a **New Australian ETF**) that will be issued by BlackRock Investment Management (Australia) Limited (**BIMAL**) as responsible entity and quoted on the ASX under the AQUA Rules. Each New Australian ETF will invest in an iShares ETF (initially by holding CDIs in respect of the shares of the iShares ETF and later through holding shares of the iShares ETF) (the **Reorganisation**).

If approved by CDI Holders, the Reorganisation will mean that all CDI Holders as at the record date of the Reorganisation (**Reorganisation Record Date**), including those new CDI Holders who acquired CDIs after the Notice of Meeting Record Date and therefore are not entitled to participate in or vote at the CDI Holder Meeting, will hold units in a New Australian ETF, instead of CDIs in respect of the shares of an iShares ETF, therefore changing the way in which CDI Holders invest in and gain exposure to each iShares ETF.

This Notice of Meeting and the accompanying Joint Proxy Statement (**Proxy Statement**) is issued in relation to each iShares ETF, in relation to which the Reorganisation is proposed. A reference to "Meeting" in this Notice of Meeting and the Proxy Statement is a reference to each Meeting of the CDI Holders of the iShares ETFs, which are to be held consecutively. A reference to "Resolution" in this Notice of Meeting and the Proxy Statement is a reference to each Resolution proposed in relation to the Reorganisation and to the CDIs for each iShares ETF.

1. Legal name of iShares ETF: iShares Core S&P 500 ETF
2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

The Resolution

To consider and, if thought fit, to pass the following resolution (**Resolution**) as a **special resolution** of CDI Holders in accordance with ASX Operating Rule 10A.3.1(ca):

THAT the Corporation implement and that the Corporation and BIMAL take all steps necessary or desirable to effect the Reorganisation as described in the Proxy Statement and that the Corporation and BIMAL be authorised to execute, lodge and otherwise do all things necessary to effect this Resolution.

The Resolution is applicable to each iShares ETF of each Corporation and must be voted on separately by the CDI Holders of each iShares ETF. A reference to "Corporation" in the Resolution is a reference to the relevant Corporation, namely iShares Trust or iShares Inc, of which the iShares ETF is a series.

The effect of the Reorganisation is described in the Proxy Statement, which forms part of this Notice of Meeting and provides information relating to the Reorganisation.

The board of directors or trustees for each Corporation (each a **Board**) has considered the Reorganisation, with consideration to a number of factors regarding the impact of the Reorganisation from the perspective of the CDI Holders and believe the Reorganisation to be in the best interests of CDI Holders.

Each Board unanimously recommends that you vote "FOR" the Resolution to approve the Reorganisation.

In addition to this Notice of Meeting and the accompanying Proxy Statement, CDI Holders will also have been issued a Proxy and Voting Form, specific to each iShares ETF in which the CDI Holder is invested. A copy of the Product Disclosure Statement (**PDS**) for each New Australian ETF, in respect of which CDI Holders will be issued units if the Reorganisation is approved, has also been made available. A paper copy of any of the aforementioned documents will be made available, free of charge upon request by contacting Computershare Investor Services Pty Limited (**Computershare**), who has been appointed as its agent by the Corporations to receive Proxy and Voting Forms, on the below telephone numbers.

In connection with your vote, we urge you to read the full text of the Notice of Meeting, accompanying Proxy Statement, the PDS and any other document issued in respect of the Reorganisation.

Your vote is important. You can vote on the Internet, by mail, by email, by fax, or in person or by proxy at the Meeting. Even if you plan to attend the Meeting in person, please promptly submit EACH Proxy and Voting Form that you receive via the Internet, by mail, by email or by fax. Please refer to the section of the Proxy Statement titled "Meeting details, voting and eligibility" to determine how you can vote.

If you need more information, or have any questions about voting, please contact Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia).

By order of the Boards of the Corporations.



Benjamin Archibald
Company Secretary

iShares Trust &
iShares, Inc.

iShares Trust and iShares, Inc. CDI Holder Meeting Joint Proxy Statement

This Joint Proxy Statement (**Proxy Statement**) is furnished in connection with the solicitation of proxies by the Board of Directors or Trustees (each, a **Board**, the members of which are referred to as **Board Members**) of each of the below listed series of exchange traded funds (each an **iShares ETF**) issued by either iShares Trust ARBN 125 632 411 or iShares, Inc. ARBN 125 632 279 (**iShares Trust, iShares Inc** and together, the **Corporations**) and settled by way of CHESS Depository Interests (**CDIs**).

ASX Code	Issuing Entity	iShares ETF ASX Trading Name
IAA	iShares Trust	iShares Asia 50 ETF
IZZ	iShares Trust	iShares China Large-Cap ETF
IEU	iShares Trust	iShares Europe ETF
IOO	iShares Trust	iShares Global 100 ETF
IXI	iShares Trust	iShares Global Consumer Staples ETF
IXJ	iShares Trust	iShares Global Healthcare ETF
IVE	iShares Trust	iShares MSCI EAFE ETF
IVV	iShares Trust	iShares S&P 500 ETF ¹
IJH	iShares Trust	iShares S&P Mid-Cap ETF ²
IJR	iShares Trust	iShares S&P Small-Cap ETF ³
IEM	iShares Inc	iShares MSCI Emerging Markets ETF
IJP	iShares Inc	iShares MSCI Japan ETF
IKO	iShares Inc	iShares MSCI South Korea ETF
ITW	iShares Inc	iShares MSCI Taiwan ETF

The proxies will be voted at a meeting of CDI Holders of each iShares ETF and at any and all adjournments, postponements or delays thereof. The meeting will be held at **Level 4, 60 Carrington St, Sydney NSW 2000**, on **22 June 2018**, at **10.00 am** (Australian Eastern Standard Time) (**Meeting**).

The Meeting will be held for the purpose of approving the implementation of a reorganisation of the Australian offer of the iShares ETFs, which will involve the exchange of CDIs in respect of the shares of the iShares ETFs for units in newly established Australian registered managed investment schemes (each a **New Australian ETF**) that will be issued by BlackRock Investment Management (Australia) Limited (**BIMAL**) as responsible entity and quoted on the ASX under the AQUA Rules. Each New Australian ETF will invest in an iShares ETF (initially by holding CDIs in respect of the shares of the iShares ETF and later through holding shares of the iShares ETF) (the **Reorganisation**).

Investors recorded on a CDI register of an iShares ETF as of the close of business on 26 April 2018 (**Notice of Meeting Record Date**) as the holder of a CDI of that iShares ETF (**CDI Holder**) are entitled to notice of and to vote at the Meeting and any and all adjournments, postponements or delays thereof. If approved by CDI Holders, the Reorganisation will mean that all CDI Holders as at the Reorganisation record date (**Reorganisation Record Date**), including those new CDI Holders who acquired CDIs after the Notice of Meeting Record Date and therefore are not entitled to participate in or vote at the CDI Holder Meeting, will hold units in a New Australian ETF, instead of CDIs in respect of the shares of an iShares ETF, therefore changing the way in which CDI Holders invest in and gain exposure to each iShares ETF.

Terms and expressions used in this Proxy Statement, unless otherwise defined, have the same meaning as set out in the Notice of CDI Holder Meeting (**Notice of Meeting**) and the “Glossary” section of this Proxy Statement. This Proxy Statement provides further details of the Reorganisation and explains how CDI Holders can vote on the Reorganisation at the Meeting.

This Proxy Statement outlines the proposed Reorganisation in relation to the CDIs for each of the iShares ETFs and describes the effect on your CDI holding(s). It also contains details of the actions which the Corporations, together with BIMAL, intend to implement should the Reorganisation be approved by CDI Holders and outlines some of the reasons to vote for or against the Reorganisation. Information regarding the New Australian ETFs is also provided, including a copy of the product disclosure statement (**PDS**) for the New Australian ETFs.

1. Legal name of iShares ETF: iShares Core S&P 500 ETF
2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

We suggest that you carefully consider the nature of the Reorganisation and the information in this Proxy Statement before voting. If you have any questions, please contact Computershare Investor Services Pty Limited (**Computershare**), who has been appointed as its agent by the Corporations to receive Proxy and Voting Forms, on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia), or visit www.investorvote.com.au which contains information on the Reorganisation. Please refer to the section of this Proxy Statement titled “Meeting details, voting and eligibility” to determine how you can vote.

The Board of each Corporation has determined that the use of a Joint Proxy Statement for the Meeting is in the best interests of the iShares ETFs and CDI Holders in light of the similar matters being considered and voted on by CDI Holders of each iShares ETF. CDI Holders will have received a letter regarding the availability of the Notice of Meeting, this Proxy Statement, the PDS applicable to the New Australian ETFs and the accompanying Proxy and Voting Form, which were made available on or about 3 May 2018.

iShares Inc is a corporation organised under the laws of the State of Maryland. iShares Trust is a statutory trust organised under the laws of the State of Delaware. Each Corporation is an open-end management investment company registered under the Investment Company Act of 1940, as amended (**1940 Act**).

CDI Holders of the iShares ETFs on the Notice of Meeting Record Date are entitled to the voting rights set forth below, with no CDIs having cumulative voting rights. The quorum and voting requirements applicable to the Resolution for each iShares ETF is also set forth below.

Voting Rights	Quorum Requirement	Vote Required to Approve Resolution
Each whole CDI shall entitle the CDI Holder to one vote as to any matter on which it is entitled to vote.	At least two CDI Holders present in person or persons attending as proxies, body corporate representatives or attorney. ¹	75% of the votes cast by CDI Holders.

The number of CDIs on issue for each iShares ETF as of the close of business on the Notice of Meeting Record Date is shown in **Annexure A**. To the knowledge of the applicable Corporation, as of the Notice of Meeting Record Date, no person was the owner of more than five percent of the CDIs on issue of an iShares ETF, except as set forth in **Annexure B**.

The iShares ETF in relation to which you hold CDIs on the Notice of Meeting Record Date is named on your Proxy and Voting Form. If you hold CDIs in more than one iShares ETF on the Notice of Meeting Record Date, you will receive more than one Proxy and Voting Form. Even if you plan to attend the Meeting in person, please promptly submit EACH Proxy and Voting Form that you receive via the Internet, by mail, by email or by fax. **Photographic identification will be required for admission to the Meeting.** Please refer to the section of this Proxy Statement titled “Meeting details, voting and eligibility” to determine how you can vote.

All properly executed proxies received prior to the Meeting will be voted at the Meeting and any and all adjournments, postponements or delays thereof. On any matter coming before the Meeting as to which a CDI Holder has specified a choice on that CDI Holder's proxy, the vote(s) will be voted accordingly. If a Proxy and Voting Form is properly executed and returned and no choice is specified with respect to the Resolution, the vote will be voted “FOR” the Resolution.

CDI Holders who execute proxies or provide voting instructions via the Internet may revoke them with respect to the Resolution at any time before a vote is taken on such Resolution by filing with the applicable Corporation to which the iShares ETF relates a written notice of revocation (addressed to Computershare at Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Victoria 3001 Australia), by delivering a duly executed proxy bearing a later date, or by attending the Meeting and voting in person by ballot, in all cases prior to the exercise of the authority granted in the Proxy and Voting Form. Merely attending the Meeting, however, will not revoke any previously executed proxy.

If you hold your CDIs through an intermediary (i.e. a custodian), the intermediary may be registered as the CDI Holder for the purpose of the Meeting and would be entitled to vote your CDIs at the Meeting on your behalf. In such circumstances, you should contact the applicable intermediary to determine how you may, if possible, direct the intermediary to vote your CDIs on your behalf.

If you hold your CDIs through an intermediary (i.e. a custodian) and you wish to attend the Meeting and vote, you must submit a request to the intermediary asking that they appoint you as a proxy.

Copies of each iShares ETF's most recent annual report and semi-annual report can be obtained on a website maintained by BIMAL at www.blackrock.com.au/iShares. Copies of annual and semi-annual reports of each iShares ETF are also available on the ASX's website at www.asx.com.au.

Additionally, a paper copy of the Notice of Meeting, Proxy Statement, PDS, Proxy and Voting Form and/or the most recent annual and semi-annual report will be made available to CDI Holders, free of charge upon request by contacting Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia).

1. Refer to the section of this Proxy Statement titled “The Reorganisation” for information on the associated ASX Waiver obtained in relation to CDI Holder Meeting quorum requirements.

Key dates

Date	Event
26 April 2018 at 4.00 pm	Record date for eligibility to vote at Meeting.
3 May 2018	Dispatch of Notice of Meeting and Proxy Statement to CDI Holders
20 June 2018 at 10.00 am	Deadline for lodging Proxy and Voting Form for Meeting
22 June 2018 at 10.00 am	CDI Holder Meeting

Note: If the Reorganisation is approved by CDI Holders, a timetable of the Reorganisation will be released by the Corporations via the ASX Markets Announcement Platform.

Summary of Resolution and iShares ETF Voting

The Resolution described in this Proxy Statement is to approve the Reorganisation.

CDIs shall be voted separately by each individual iShares ETF of each Corporation, with CDI Holders on the CDI register as of the Notice of Meeting Record Date being entitled to vote on the Resolution as the matter affects the iShares ETF in which the CDI Holder is invested.

For the avoidance of doubt, CDI Holders will not be permitted to vote on the Resolution that relates to any other iShares ETF, unless the CDI Holder is also a CDI Holder of any such other iShares ETF as of the Notice of Meeting Record Date.

Please vote now - Your vote is important

No matter how large or small your holdings may be and even if you plan to attend the Meeting in person, we urge you to record your voting instructions via the Internet by mail, by email or by fax. If you wish to lodge your vote by mail, by email or by fax, a paper Proxy and Voting Form is available free of charge upon request by calling Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 94 15 4695 (outside Australia).

If you submit a properly executed Proxy and Voting Form but do not indicate how you wish your CDIs to be voted, your CDIs will be voted "FOR" the Resolution to approve the Reorganisation.

If you hold your CDIs through an intermediary (i.e. a custodian), the intermediary may be registered as the CDI Holder for the purpose of the Meeting and would be entitled to vote your CDIs at the Meeting on your behalf. In such circumstances, you should contact the applicable intermediary to determine how you may, if possible, direct the intermediary to vote your CDIs on your behalf.

Important notice regarding the availability of proxy materials for the CDI Holder meeting to be held on 22 June 2018

The Notice of CDI Holder Meeting, Proxy Statement, Proxy and Voting Form and PDS are available on the Internet at www.investorvote.com.au.

Copies of each iShares ETF's most recent annual report and semi-annual report can be obtained on a website maintained by BIMAL at www.blackrock.com.au/iShares. Copies of annual and semi-annual reports of each iShares ETF are also available on the ASX's website at www.asx.com.au.

If you have any questions, would like to request a paper copy of any of the aforementioned documents (free of charge) or wish to obtain directions so that you can attend the Meeting in person, please contact Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 94 15 4695 (outside Australia).

Meeting details, voting and eligibility

A separate Meeting will be held for the CDI Holders of each iShares ETF, during which the Resolution to approve the Reorganisation will be tabled in respect of that iShares ETF. The following Meeting and voting requirements will be applied to each Meeting separately.

Management does not intend to present and does not have reason to believe that any items of business other than voting with respect to the Resolution will be presented at the Meeting. However, if other matters are properly presented at the Meeting for a vote, the proxies will be voted by the persons named in the enclosed proxy upon such matters in accordance with their judgment of what is in the best interests of the CDI Holders of the iShares ETF.

1. Quorum

For the Meeting, a quorum of at least two individuals for each iShares ETF, being CDI Holders of the iShares ETF as at the Notice of Meeting Record Date, present in person or persons attending as proxies, body corporate representatives or attorneys, must be present throughout the Meeting (or any adjournment thereof). Refer to the section of this Proxy Statement titled “The Reorganisation” for information on the associated ASX Waiver obtained in relation to CDI Holder Meeting quorum requirements.

Attendance at the Meeting will be limited to the CDI Holders of the iShares ETFs as at the Notice of Meeting Record Date. Photographic identification will be required for admission to the Meeting.

For purposes of determining the presence of a quorum, abstentions if any, will be treated as CDIs that are present at the Meeting. Computershare will determine whether or not a quorum is present at a Meeting. Computershare will treat withheld votes, if any, as present for purposes of determining a quorum.

2. Adjournments

The Meeting of any iShares ETF may be adjourned from time to time for any reason whatsoever by vote of the holders of a majority of the CDIs present in person or by proxy and entitled to vote at the Meeting of such iShares ETF, or by the chairperson of the Meeting, whether or not a quorum is present. Such authority to adjourn a Meeting may be used in the event that a quorum is not present at the Meeting, or in the event that a quorum is present but sufficient votes have not been received to approve the Resolution, or for any other reason consistent with applicable US state law and a Corporation’s By-Laws or Declaration of Trust, as applicable, including to allow for the further solicitation of proxies.

Any such adjournment will require the affirmative vote of a majority of the iShares ETF’s CDIs represented at the Meeting in person or by proxy and voting on the question of adjournment. Any adjournment may be made with respect to any business which might have been transacted at the Meeting, and any adjournment will not delay or otherwise affect the effectiveness and validity of any business transacted at the Meeting prior to adjournment.

The persons named as proxies will vote those proxies that they are entitled to vote “**FOR**” a resolution in favour of such an adjournment and will vote those proxies required to be voted “**AGAINST**” a resolution against such adjournment. The persons named as proxies may use their discretionary authority to vote as instructed by management of the iShares ETF on any other proposals raised at the Meeting to the extent permitted by any applicable rules or legislation, including proposals for which management of such iShares ETF did not have timely notice, as set forth in any applicable rules or legislation. Abstentions will have no effect on the outcome of a vote on adjournment.

A CDI Holder vote may be taken on a resolution in this Proxy Statement with respect to any iShares ETF prior to such adjournment if sufficient votes have been received for approval and it is otherwise appropriate.

A Board also may postpone the Meeting of CDI Holders of the respective iShares ETF prior to the Meeting with notice to the CDI Holders entitled to vote at or to receive notice of that Meeting.

3. Voting

Each Board unanimously recommends that you vote “FOR” the Resolution to approve the Reorganisation.

An affirmative vote of at least 75% of the votes cast by CDI Holders, voting in person or by proxy at the Meeting, is required for the approval of the Resolution. For this reason, it is recommended that you vote in favour of the Resolution to approve the Reorganisation.

If you are unable to attend the Meeting and no matter how large or small your holdings may be, we urge you to record your voting instructions via the Internet, by mail, by email or by fax. If you wish to lodge your vote by mail, by email or by fax, a paper Proxy and Voting Form is available free of charge upon request by calling Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia).

If you decide to vote against the Resolution to approve the Reorganisation, you can also record your voting instructions via the Internet, by mail, by email, by fax or in person or by proxy at the Meeting. However, if the Resolution receives an affirmative vote of at least 75% of the votes cast, the applicable Corporation and BIMAL will proceed with the Reorganisation of the iShares ETF in respect of all CDI Holders, including those who voted against the Resolution, those who do not vote at all and any new CDI Holders who acquired CDIs after the Notice of Meeting Record Date and were not entitled to participate in or vote at the CDI Holder Meeting.

CDIs shall be voted separately by each individual iShares ETF of each Corporation, with CDI Holders on the CDI register as of the Notice of Meeting Record Date being entitled to vote on the Resolution as the matter affects the iShares ETF in which the CDI Holder is invested. For the avoidance of doubt, CDI Holders will not be permitted to vote on the Resolution that relates to any other iShares ETF, unless the CDI Holder is also a CDI Holder of any such other iShares ETF as of the Notice of Meeting Record Date.

If you owned CDIs in more than one iShares ETF as of the Notice of Meeting Record Date, you will receive more than one Proxy and Voting Form. Please be certain to promptly submit EACH Proxy and Voting Form that you receive via the Internet, by mail, by email or by fax. Please refer to the below to determine how you can vote.

Voting will be conducted by way of a poll, with each CDI Holder being entitled to one vote for each CDI held. If you hold your CDIs in an iShares ETF jointly and more than one CDI Holder votes in respect of that interest, only the vote of the CDI Holder first named in the relevant register of CDI Holders will be counted. You do not have to exercise all your votes in the same way, and you do not have to cast all of your votes. Votes cast by proxy or in person at the Meeting will be tabulated by Computershare.

4. How do I vote my CDIs?

The Corporations have appointed Computershare as its agent to receive Proxy and Voting Forms. You can vote your CDIs in the following ways.

a) Voting by mail, email and by fax

If you wish to lodge your vote by mail, email or by fax, a paper Proxy and Voting Form is available free of charge upon request by calling Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 9415 4695 (outside Australia).

For CDI Holders voting by mail, will we provide a pre-paid self-addressed envelope. For CDI Holders voting by email, their paper Proxy and Voting Form should be emailed to sydreturningofficer@computershare.com.au. For CDI Holders voting by fax, their paper Proxy and Voting Form should be faxed to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

b) Voting via the Internet

You may vote via the Internet by accessing your Proxy and Voting Form(s) at www.investorvote.com.au and following the instructions. A separate vote is required for each of your iShares ETF CDI holdings. To vote each holding you will need your SRN/HIN number, the postcode of the registered address (or country if outside of Australia) and the vote control number for each iShares ETF CDI holding (as provided below):

iShares Asia 50 ETF Control number: 18 1551	iShares China Large-Cap ETF Control number: 18 1552
iShares Europe ETF Control number: 18 1553	iShares Global 100 ETF Control number: 18 1554
iShares Global Consumer Staples ETF Control number: 18 1555	iShares Global Healthcare ETF Control number: 18 1556
iShares MSCI Emerging Markets ETF Control number: 18 1560	iShares MSCI EAFE ETF Control number: 18 1557
iShares MSCI Taiwan Control number: 18 1564	iShares MSCI Japan ETF Control number: 18 1561
iShares S&P 500 ETF ¹ Control number: 18 1446	iShares MSCI South Korea Control number: 18 1563
iShares S&P Small-Cap ETF ³ Control number: 18 1559	iShares S&P Mid-Cap ETF ² Control number: 18 1558

c) Voting by proxy

You have the right to appoint a proxy to attend the Meeting and vote for you. That person need not be a CDI Holder and may be the chairperson of the Meeting. Proxy appointments must be received by Computershare before **10.00 am on 20 June 2018** (or at least 48 hours before any adjourned Meeting), for the proxy appointment to be effective. If the proxy appointment is signed under a power of attorney, Computershare must also receive a certified copy of the power of attorney before **10.00 am on 20 June 2018** (or at least 48 hours before any adjourned Meeting) for the proxy appointment to be effective.

Please send your proxy appointment and/or power of attorney as early as possible, to assist us with the counting of votes.

Your proxy will have the same rights as you to speak during the Meeting. You may direct your proxy how to vote. Your proxy may choose whether or not to vote on the Resolution to approve the Reorganisation at the Meeting. If he or she chooses to vote, he or she must do so as directed by you, unless you do not give any such direction to the proxy. If your proxy is the chairperson, they must vote on the Resolution on a poll and must do so as directed by you, unless you do not give any such direction.

1. Legal name of iShares ETF: iShares Core S&P 500 ETF
2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

You may appoint a proxy via the Internet by accessing your Proxy and Voting Form at www.investorvote.com.au and following the instructions. Alternatively, a paper copy of your Proxy and Voting Form is available free of charge upon request by calling Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 94 15 4695 (outside Australia). For CDI Holders appointing a proxy by mail, we will provide a pre-paid self-addressed envelope. For CDI Holders voting by email, their paper Proxy and Voting Form should be emailed to sydreturningofficer@computershare.com.au. For CDI Holders appointing a proxy by fax, their paper Proxy and Voting Form should be faxed to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia). Where two or more persons are registered as CDI Holders, each registered person must sign the proxy appointment.

If you wish to appoint two proxies, a request should be made to the relevant Corporation for an additional Proxy and Voting Form. Where two proxies are appointed, each proxy may be appointed to represent a specified proportion of your voting rights. If the proxy appointments do not specify the proportion of voting rights that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded.

If you return a properly executed Proxy and Voting Form that does not specify how you wish to vote on the Resolution, your CDIs will be voted "FOR" the Resolution to approve the Reorganisation.

d) Voting in person or by corporate representative

If you plan to vote in person at the Meeting, please arrive at least 30 minutes before the starting time, so your attendance can be registered. Please bring either your letter or printed (unused) Proxy and Voting Form with you to assist in the registration process.

Even if you plan to attend the Meeting in person, please promptly submit EACH Proxy and Voting Form that you receive via the Internet, by mail, by email or by fax (see above for instructions).

Corporations wishing to vote at the Meeting must appoint a representative who must bring with them the original document properly authorising their appointment. The appointment must set out what the representative is authorised to do. If the appointment is by reference to a position held, the appointment must identify that position. A Certificate of Appointment of Corporate Representative may be obtained by calling Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 94 15 4695 (outside Australia) or online at www.investorcentre.com under the help tab, "Printable Forms".

5. Related parties

BIMAL is the responsible entity and issuer of the New Australian ETFs. It is noted that BIMAL, the Corporations and their associates may be CDI Holders. Pursuant to ASX Operating Rules Procedure 10A.3.1, any votes cast by BIMAL, the Corporations and their associates will be disregarded. Accordingly, BIMAL, the Corporations and their associates will not vote their interests on the Resolution to approve the Reorganisation.

6. More information

If you have any questions, please contact Computershare on 1300 iShare (1300 474 273) (within Australia) or +61 3 94 15 4695 (outside Australia), or visit www.investorvote.com.au, which contains information on the Reorganisation.

The Reorganisation

1. Why is the Reorganisation being proposed?

The Corporations are proposing to implement the Reorganisation in relation to the iShares ETFs. The effect of the Reorganisation will be that instead of holding CDIs in an iShares ETF, CDI Holders will hold units in a New Australian ETF, which will invest in the iShares ETF, therefore changing the way in which CDI Holders invest in and gain exposure to the iShares ETFs of the Corporations.

Previously, the offer of non-Australian ETFs on ASX was governed by the ASX Listing Rules, with shares being quoted on ASX and settled using CDIs. However, the ASX AQUA Rules now provide an alternative framework, designed specifically for the offer and quotation of investment products, including ETFs. Additionally, advancements at BlackRock now allow us to provide Australian clients with access to the international iShares product suite, through locally domiciled and regulated iShares ETFs, within the managed investment scheme investment structure that Australian clients are typically used to.

Reasons to vote FOR the Resolution to approve the Reorganisation

The Board of each Corporation has considered the Reorganisation, with consideration to a number of factors regarding the impact of the Reorganisation from the perspective of a CDI Holder and believe the Reorganisation to be in the best interests of CDI Holders.

Each Board unanimously recommends that you vote “FOR” the Resolution to approve the Reorganisation.

Reasons to vote in favour of the Resolution to approve the Reorganisation include the following:

- a) **Client experience:** Following the Reorganisation, CDI Holders will hold units in a New Australian ETF, which will be an Australian registered managed investment scheme, regulated by ASIC. As CDI Holders will no longer have a direct exposure to US shares, CDI Holders will no longer be required to complete certain US taxes documentation, including W-8BEN forms. This will align all products in the iShares product suite in terms of the post purchase experience and client communication.
- b) **Tax:** BIMAL has received a draft Class Ruling from the Australian Taxation Office (ATO) on the availability of capital gains tax relief for CDI Holders. In terms of withholding tax on income received by the New Australian ETFs from its investment in the iShares ETFs, the New Australian ETF will apply for and we expect it to receive, treaty withholding tax rates as the beneficial owner. Refer to “Additional Information” below for further information on the tax considerations.
- c) **Price:** The market price on the ASX is not expected to be directly impacted as a result of the Reorganisation.
- d) **Investment exposure and benchmark:** Each New Australian ETF will provide the same investment exposures as the corresponding iShares ETF. Following the conversion, the traded price of units in the New Australian ETF on ASX will continue to represent a live value for the exposure to the relevant iShares ETF.
- e) **Management fee:** As of the date of Reorganisation, there will be no change in the management fee that CDI Holders will be charged in respect of their investment in the iShares ETF.
- f) **Distributions:** Following the Reorganisation, each New Australian ETF will pay all income received from its corresponding iShares ETF to CDI Holders (plus any other distributable income) generally 8 days after the ex-date (as opposed to the current 19 days). Following the Reorganisation, the client experience for CDI Holders in terms of distributions will align with the other products included in the iShares Australia product suite, including distributions and tax statements. In addition, the New Australian ETFs will be able to offer distribution reinvestment to investors, and the overall investor experience will be aligned to other Australian-domiciled iShares ETFs, like the iShares Core S&P/ASX 200 ETF.
- g) **Nature of investment:** Following the Reorganisation, CDI Holders will hold units in a New Australian ETF, as opposed to CDIs (which represents a beneficial interest in the US shares of the iShares ETF). While investors following the Reorganisation will no longer have the right to call for delivery of the interest in the US shares in the iShares ETF, CDI Holders will continue to have the opportunity to do so prior to the Reorganisation.

2. What is the Reorganisation?

The Reorganisation will involve the exchange of your current CDI interests in an iShares ETF for interests in the corresponding New Australian ETF. This will be implemented by the Corporations transferring your CDI interests to the corresponding New Australian ETF and in consideration for that transfer, applying (on your behalf) for units in the New Australian ETF to be issued to you. For this purpose, the Corporations will complete an application form on behalf of CDI Holders. As a result, each CDI Holder will be issued one unit in the relevant New Australian ETF for every one CDI it previously held in an iShares ETF.

If the Reorganisation proceeds, it will mean that all CDI Holders as at the Reorganisation Record Date, including those new CDI Holders who acquired CDIs after the Notice of Meeting Record Date and therefore are not entitled to participate in or vote at the CDI Holder Meeting, will hold units in a New Australian ETF, instead of CDIs in respect of the shares of an iShares ETF, therefore changing the way in which CDI Holders invest in and gain exposure to each iShares ETF. In other words, while CDI Holders currently obtain the exposure to an iShares ETF through a CDI, after implementation of the Reorganisation, CDI Holders will obtain exposure to the same iShares ETF through a New Australian ETF.

The value of the units of each New Australian ETF will be directly linked to the performance of its corresponding iShares ETF. Accordingly, the value of your investment will not be affected by the Reorganisation. While there will be no change to the iShares ETF that your investment relates to, there are some differences in the way in which you hold your investment, as outlined below under the heading “What are the key differences between the CDIs and the units in the New Australian ETFs”.

Following the Reorganisation and the delisting of certain other iShares ETFs also offered by way of CDIs, the Corporations will be removed from the official list of ASX.

a) How will the Reorganisation be implemented?

If approved, the Reorganisation will involve, among other things, the Corporations, together with assistance from BIMAL as the responsible entity for each New Australian ETF, completing the following steps in relation to each iShares ETF:

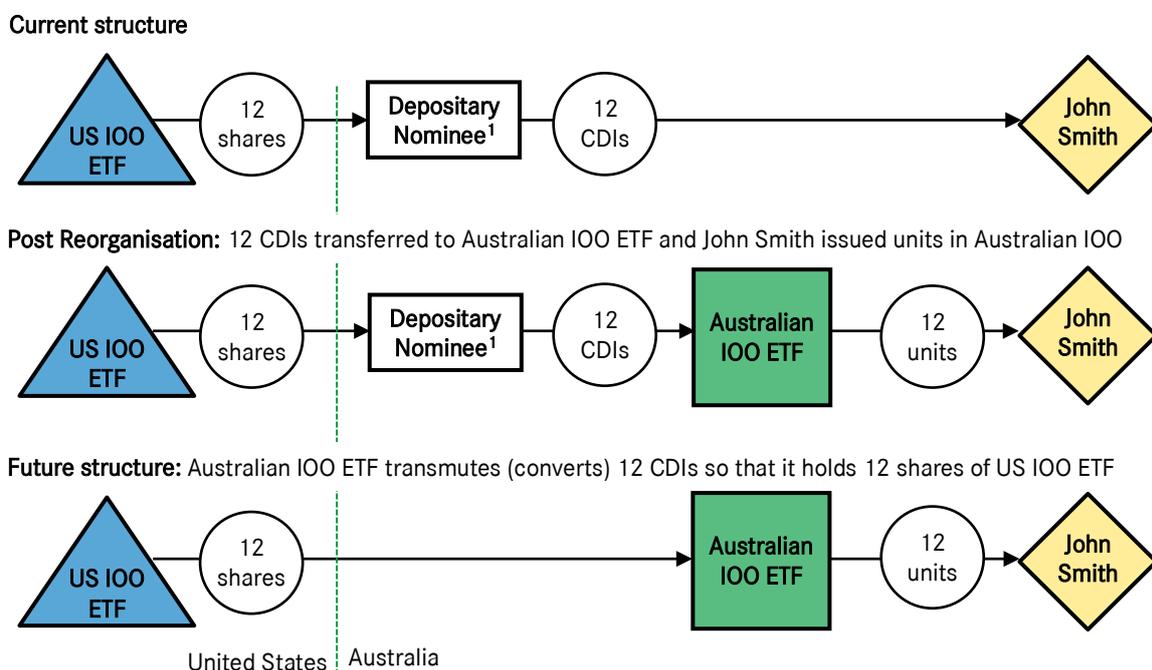
- i. **Transfer of CDIs:** Transferring all CDIs in respect of the shares of an iShares ETF, held by CDI Holders as at the Reorganisation Record Date, to the corresponding New Australian ETF.
- ii. **Record of transfers:** Recording the transfers by instructing Computershare to update each CDI register, to reflect the New Australian ETF as the holder of the CDIs in the corresponding iShares ETF, so that CHES Depository Nominees Pty Ltd holds the shares in the iShares ETF on trust for the New Australian ETF.
- iii. **Application for units by the Corporations:** In consideration for the transfer of CDIs, the Corporations will apply, on behalf of each CDI Holder, for the issue of units in the New Australian ETF to each CDI Holder on a one-for-one basis. For this purpose, the Corporations will complete an application form on behalf CDI Holders.
- iv. **Issue of units in New Australian ETF:** Each CDI Holder will be issued one unit in the corresponding New Australian ETF by BIMAL, as responsible entity of the New Australian ETF, for every one CDI held in the iShares ETF.
- v. **De-Listing of iShares ETFs:** The CDIs in each iShares ETF, now de-listed from ASX, will continue to be held by the corresponding New Australian ETF for a short period of time, to allow time for the New Australian ETF to transmute (convert) its CDIs to the shares of the iShares ETF.

b) Example Scenario of the Reorganisation

John Smith holds 12 CDIs in respect of the shares of the iShares Global 100 ETF (**US 100 ETF**), which provide him with a beneficial interest in US 100 ETF shares issued by iShares Trust. If CDI Holders of US 100 ETF approve the Reorganisation, then:

- i. John’s 12 CDIs will be transferred to the corresponding New Australian ETF (**Australian 100 ETF**);
- ii. the Australian 100 ETF will issue 12 units to John; and
- iii. at a time after the Reorganisation is complete, the Australian 100 ETF will transmute (convert) its 12 CDIs into shares of the US 100 ETF

After the Reorganisation, John holds 12 units in the Australian 100 ETF, rather than 12 CDIs in the US 100 ETF. As the Australian 100 ETF holds shares of the US 100 ETF, John continues to have the same investment exposure to the US 100 ETF.



1. Depository nominee holds beneficial title of the shares of an iShares ETF on behalf of CDI Holders. The Corporations appointed CHES Depository Nominees Pty Limited, a subsidiary of ASX, as its depository nominee. CDIs are created in accordance with the ASX Settlement Operating Rules. Generally, this occurs when the Corporations, through their registrar (Computershare Investor Services Pty Limited), records a person in the CDI Register as a CDI investor in an iShares ETF, in conjunction with causing appropriate title to the shares of the relevant iShares ETF to be vested in the Depository Nominee. The Depository Nominee has a very passive role in this process and it does not actively offer CDIs for issue.

3. The New Australian ETFs

a) What are the new Australian ETFs?

A New Australian ETF has been established for each iShares ETF. BIMAL is the responsible entity of each New Australian ETF for the purposes of the Corporations Act and the issuer of units of each New Australian ETF. Further information in relation to BIMAL is provided below under the sub-heading titled “BIMAL and its role as responsible entity”.

iShares ETF	New Australian ETF
iShares Asia 50 ETF	iShares Asia 50 ETF
iShares China Large-Cap ETF	iShares China Large-Cap ETF
iShares Europe ETF	iShares Europe ETF
iShares Global 100 ETF	iShares Global 100 ETF
iShares Global Consumer Staples ETF	iShares Global Consumer Staples ETF
iShares Global Healthcare ETF	iShares Global Healthcare ETF
iShares MSCI EAFE ETF	iShares MSCI EAFE ETF
iShares MSCI Emerging Markets ETF	iShares MSCI Emerging Markets ETF
iShares MSCI Japan ETF	iShares MSCI Japan ETF
iShares MSCI South Korea ETF	iShares MSCI South Korea ETF
iShares MSCI Taiwan ETF	iShares MSCI Taiwan ETF
iShares S&P 500 ETF ¹	iShares S&P 500 ETF
iShares S&P Mid-Cap ETF ²	iShares S&P Mid-Cap ETF
iShares S&P Small-Cap ETF ³	iShares S&P Small-Cap ETF

Each New Australian ETF is an Australian registered managed investment scheme that is registered with ASIC in accordance with the Corporations Act. Each New Australian ETF is established by a constitution.

BIMAL's responsibilities and obligations, as responsible entity of each New Australian ETF, are governed by each New Australian ETF's constitution as well as the Corporations Act and general trust law.

Each New Australian ETF's constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both you and BIMAL. A copy of each New Australian ETF's constitution is available free of charge from BIMAL (refer to the section of this Proxy Statement titled “Directory” for contact details).

Some of the main provisions that relate to unitholder rights under each constitution include:

- ▶ unitholder rights to share in the income of a New Australian ETF, and how we calculate it;
- ▶ unitholder rights to withdraw from a New Australian ETF and what unitholders are entitled to receive when they withdraw or if a New Australian ETF is wound up;
- ▶ the nature of the units and classes of units (if applicable);
- ▶ unitholder rights to attend and vote at meetings – these mainly reflect the requirements of the Corporations Act which also deals with unitholder rights to requisition or call a meeting; and
- ▶ resolutions passed by a requisite majority at a meeting of unitholders are binding on all unitholders.

The constitution of each New Australian ETF provides that the liability of each unitholder is limited to its investment in the New Australian ETF. A unitholder is not required to indemnify BIMAL or its creditors in respect of a New Australian ETF. However, no complete assurance can be given in this regard, as the ultimate liability of a unitholder has not been finally determined by the courts.

There are also provisions governing BIMAL's powers and duties. Other provisions include:

- ▶ when BIMAL can terminate a New Australian ETF or class of units (if applicable) or reclassify units (if applicable) and what happens BIMAL does so. Generally, BIMAL can only terminate a New Australian ETF in accordance with the Corporations Act and only if BIMAL provides unitholders with the required notice, and if BIMAL does so, unitholders share pro rata in the net proceeds from the sale of the New Australian ETF's investments;

1. Legal name of iShares ETF: iShares Core S&P 500 ETF
 2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
 3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

- ▶ when BIMAL can amend a New Australian ETF's constitution. Generally, BIMAL can only amend a constitution where BIMAL reasonably believes that the changes will not adversely affect a unitholder's rights as an investor. Otherwise a New Australian ETF constitution can only be amended if approved by special resolution at a meeting of unitholders;
- ▶ BIMAL's right to refuse to accept unit creation requests or record any transfer of units without giving any reason;
- ▶ BIMAL's right to issue and redeem units and impose restrictions and conditions in relation to redemptions;
- ▶ BIMAL's right to deduct amounts unitholders owe BIMAL from withdrawal proceeds; and
- ▶ BIMAL's broad powers to invest, borrow and generally manage a New Australian ETF.

Each constitution also deals with BIMAL's liabilities in relation to a New Australian ETF and when they can be reimbursed to BIMAL out of a New Australian ETF's assets, for example, subject to the Corporations Act:

- ▶ BIMAL is not liable for acting in reliance and in good faith on professional advice;
- ▶ BIMAL is not liable to unitholders for any loss unless BIMAL fails to comply with its duties, fails to act in good faith or if BIMAL acts negligently; and
- ▶ BIMAL can be reimbursed for all liabilities incurred in connection with the proper performance of its duties in respect of a New Australian ETF.

Amendment of a New Australian ETF's constitution is subject to both the Corporations Act and the terms of the constitution itself.

An application has been made to the ASX for the units of each New Australian ETF to be quoted on ASX under the AQUA Rules.

A PDS has been issued by BIMAL in relation to the New Australian ETFs. A copy of the PDS for the New Australian ETFs was lodged with the ASIC on 3 May 2018. A copy of the PDS has been made available to you on the Internet at www.investorvote.com.au, unless you elect within 7 days to receive a paper copy of the PDS (free of charge).

b) BIMAL and its role as responsible entity

BIMAL is the responsible entity of the New Australian ETFs. BIMAL holds an Australian Financial Services License authorising it to operate registered managed investment schemes, like the New Australian ETFs, and is regulated by ASIC, which is responsible for regulating the operation of managed investment schemes like the New Australian ETFs.

BIMAL is a wholly owned subsidiary of BlackRock, Inc.[®] (**BlackRock, Inc**) but is not guaranteed by BlackRock, Inc or any BlackRock, Inc subsidiary or associated entity (collectively the **BlackRock Group**). BIMAL currently provides a range of services to the Corporations in Australia in connection with the Corporations' listing on ASX and the CDIs in respect of the shares of the iShares ETFs.

BIMAL is a major investment manager in Australia, offering financial services to a range of clients including Australian corporations, industry, public sector and endowment funds, master funds and wrap account distributors.

c) About BlackRock

The BlackRock Group is a global leader in investment management, risk management and advisory services for institutional and retail clients.

The BlackRock Group helps investors build better financial futures. As a fiduciary to its clients, the BlackRock Group provides the investment and technology solutions its clients need when planning for their most important goals. At 31 March 2018, the BlackRock Group managed approximately US\$6.317 trillion in assets on behalf of its clients worldwide.

For additional information, please visit BIMAL's website at www.blackrock.com.au.

d) About iShares

iShares is a global leader in ETFs, with more than a decade of expertise and commitment to individual and institutional investors of all sizes.

With over 800 funds globally across multiple asset classes and strategies and more than US\$1.7 trillion in AUM as of 31 March 2018, iShares helps clients around the world build the core of their portfolios, meet specific investment goals and implement market views.

iShares ETFs are powered by the expert portfolio and risk management of the BlackRock Group, trusted to manage more money than any other investment firm (based on US\$6.317 trillion in AUM as of 31 March 2018).

4. What are the key differences between the CDIs and units in the New Australian ETFs?

If approved, there will be no adverse effect on the quantum or value of a CDI Holder's investment. However, the way in which CDI Holders hold their investments will change from a CDI in respect of a share in the iShares ETF, of which the iShares ETF is regulated by US law and regulators, to a unit in a New Australian ETF, which is a managed investment scheme regulated by Australian law and by ASIC. A summary of the key differences between the way in which CDI Holders will hold their investments if the Reorganisation proceeds is as follows:

Key Difference	Current Investment (CDI)	Proposed Investment, if Reorganisation approved (Unit in New Australian ETF)
Security	A CDI in respect of a share in an iShares ETF. Each iShares ETF share is quoted on the ASX under the ASX Listing Rules.	A unit in a registered managed investment scheme. Each unit will be quoted on the ASX under the AQUA Rules.
Issuer	The Corporations are the issuers of the shares in the iShares ETFs and, for the purposes of the ASX Settlement Operating Rules, the principal issuers of the CDIs. iShares Trust is a Delaware statutory trust registered under the 1940 Act as an open-end management investment company. iShares, Inc. is a Maryland corporation registered under the 1940 Act as an open-end management investment company.	BIMAL is the responsible entity of, and issuer of units in, the New Australian ETFs. BIMAL is an Australian public company under the Corporations Act and registered with ASIC.
Role of BIMAL	BIMAL is the delegate of the Corporations appointed pursuant to an Instrument of Delegation and Authority and Intermediary Authorisation Agreement.	BIMAL is the responsible entity of the New Australian ETFs and will be responsible for the operation and management of the New Australian ETFs.
Jurisdiction	The shares in the iShares ETFs and the Corporations are governed by the constituent documents of the Corporations and relevant US laws. The CDIs are governed by relevant ASX rules, including section 13 of the ASX Settlement Operating Rules.	The units in the New Australian ETFs and the New Australian ETFs are governed by the constituent documents of the New Australian ETFs, the Corporations Act and the AQUA Rules.
Regulators	The shares in the iShares ETFs and the Corporations are regulated by the U.S. Securities and Exchange Commission. The CDIs are governed by relevant ASX rules, including section 13 of the ASX Settlement Operating Rules.	The units in the New Australian ETFs and the New Australian ETFs are regulated by ASIC.
Title and beneficial interest	CDI Holders have legal title to each CDI and a beneficial interest in the US shares of the iShares ETF of the Corporation.	CDI Holders will have legal title of each unit held in the New Australian ETF and an undivided beneficial interest in the assets of the New Australian ETF (namely, initially the relevant CDIs and ultimately the US shares of the iShares ETF of the Corporation).

5. What will happen if the Resolution to approve the Reorganisation is approved?

If approved, the Reorganisation will be implemented by the relevant Corporation, together with assistance from BIMAL as responsible entity for the relevant New Australian ETF and as a delegate of the Corporation pursuant to an Instrument of Delegation and Authority and Intermediary Authorisation Agreement. Further information regarding the particular steps that will be undertaken as part of the Reorganisation is provided above under the heading "What is the Reorganisation".

If the Reorganisation is implemented, it will mean that all CDI Holders as at the Reorganisation Record Date, including those new CDI Holders who acquired CDIs after the Notice of Meeting Record Date and therefore are not entitled to participate in or vote at the CDI Holder Meeting, will hold units in a New Australian ETF instead of CDIs in respect of the shares of an iShares ETF, therefore changing the way in which CDI Holders invest in and gain exposure to an iShares ETF.

6. What will happen if the Resolution to approve the Reorganisation is not approved?

If the Resolution is not approved for an iShares ETF, the Reorganisation of that iShares ETF will not be implemented. If the Resolution is not approved for some iShares ETFs but is approved for other iShares ETFs, the Reorganisation will be implemented in respect of only those iShares ETFs for which the Resolution is approved by CDI Holders. If no Resolution is approved for any iShares ETF, the Reorganisation will not be implemented for any iShares ETF and CDI Holders will continue to hold their current CDI(s).

7. Reasons to vote AGAINST the Resolution to approve the Reorganisation

Reasons to vote against of the Resolution include the following:

- a) **Change in nature of investment:** While CDI Holders will continue to have investment exposure to an iShares ETF, the investment structure through which CDI Holders gain this investment exposure will change. That is because after the Reorganisation, instead of holding CDIs in an iShares ETF, CDI Holders will hold units in a corresponding New Australian ETF, which is a managed investment scheme that will invest in the iShares ETF.
- b) **Removal of right to take direct holding of iShares ETF shares:** CDI Holders who have a US brokerage account are currently able to transmute (convert) their CDIs to shares of the iShares ETF. CDI Holders are able to transmute their CDIs as each CDI security relates to one share of the iShares ETF. If the Reorganisation is approved, CDI Holders will be unitholders in a New Australian ETF, with each unit conferring an interest in the assets of the New Australian ETF as a whole, as opposed to any single share of the iShares ETF. CDI Holders wishing to transmute their CDIs to shares of the iShares ETF may do so before the Reorganisation.

8. Additional Information

a) Taxation

The Corporations sought the independent tax advice of Greenwoods & Herbert Smith Freehills Pty Ltd to provide the Corporations with its opinion in relation to the Australian income tax implications for CDI Holders, including capital gains tax (CGT) arising from the Reorganisation. This advice is attached for your reference under Annexure C and we note only applies to CDI Holders who hold their CDIs on capital account. CDI Holders who hold their CDIs on revenue account or as trading stock will need to obtain their own taxation advice.

b) About the AQUA Rules

Each New Australian ETF will be quoted on the ASX under the AQUA Rules. The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, ETFs and structured products. As most investors are more familiar with the ASX Listing Rules, it is important to note the main differences between the AQUA Rules and the ASX Listing Rules, which are set out below.

ASX Listing Rules	ASX AQUA Rules
Control	
<p>A person:</p> <ul style="list-style-type: none"> ▶ controls the value of its own securities and the business it runs, ▶ the value of those securities is directly influenced by the equity issuer's performance and conduct. <p>e.g. the management and board generally control the fate of the business and, therefore, have direct influence over the share price.</p>	<p>A person:</p> <ul style="list-style-type: none"> ▶ does not control the value of the assets underlying its products, but ▶ offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities. <p>The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself.</p> <p>e.g. A managed fund issuer does not control the value of the shares it invests in.</p>
Continuous disclosure	
<p>Products under the ASX Listing Rules are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.</p>	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act. There is, however, still a requirement under the AQUA Rules that an issuer of a product quoted under the AQUA Rules provide ASX with information that the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</p> <p>In addition, issuers of products quoted under the AQUA Rules must disclose information about:</p> <ul style="list-style-type: none"> ▶ the Net Tangible Assets or the NAV of the funds; ▶ dividends, distributions and other disbursements; and ▶ any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act must be disclosed to ASX via the ASX Company Announcement Platform at the same time it is disclosed to ASIC.

Periodic disclosure	
Products under the ASX Listing Rules are required to disclose half-yearly and annual financial information or annual reports under Chapter 4 of the ASX Listing Rules.	Products quoted under the AQUA Rules are not required to disclose half-yearly and annual financial information or annual reports under the AQUA Rules. However, because the New Australian ETF is a registered managed investment scheme, we are still required to prepare financial reports under Chapter 2M of the Corporations Act. These reports will be made available on BIMAL's website at www.blackrock.com.au .
Corporate control	
Requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings apply to companies and schemes. The responsible entity of a listed scheme may be replaced by the resolution of members holding a majority of the votes cast on the resolution.	Certain requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to companies and listed schemes do not apply to products quoted under the AQUA Rules. Issuers of products quoted under the AQUA Rules are subject to general requirement to provide the ASX with any information concerning itself that may lead to the establishment of a false market or materially affect the price of its products. The responsible entity of a scheme being admitted to Trading Status on ASX and quoted under the AQUA Rules may only be replaced by the resolution of members holding a majority of votes that are eligible to be cast on the resolution.
Related party transactions	
Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA products. Schemes being admitted to Trading Status on ASX and quoted under the AQUA Rules remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.
Auditor rotation	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.	Issuers of products under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act. The responsible entity of a scheme being admitted to Trading Status on ASX and quoted under the AQUA Rules will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with section 601HG of the Corporations Act.
Disclosure	
Entities admitted under the ASX Listing Rules are subject to the requirements of the Corporations Act in relation to the issue of a PDS.	Products quoted under the AQUA Rules will also be subject to these requirements of the Corporations Act.
Source: ASX Rules Framework	

c) Costs of the Meeting and the Reorganisation

Operational costs associated with the proposed changes will be borne by BIMAL and are not being passed on to the iShares ETFs or CDI Holders.

d) ASX Waivers

The Corporations have obtained approval from the ASX for a waiver in respect of ASX Settlement Operating Rule 13.8.11(c) in relation to the Reorganisation. In respect of the Meeting, the voting must be conducted in accordance with ASX Operating Rules Procedure 10A.3.1, ASX Settlement Operating Rule 13.8.11, the Corporations Act and the constituent documents of the Corporations. The constituent documents for the Corporations provide that 33.3% of the shares entitled to vote in person or by proxy is required to constitute a quorum.

A waiver in respect of ASX Settlement Operating Rule 13.8.11(c) has been obtained to dis-apply the application of the 33.3% quorum requirement of the applicable Corporation under applicable constituent documents of the Corporations to the obtaining of holder approval under ASX Operating Rule 10A.3.1(ca) and replace this with a quorum requirement of two CDI Holders present at all times during the Meeting. This waiver is granted on the following conditions:

- a. that the quorum of the Meeting of CDI Holders be two CDI Holders present at all times during the Meeting; and
- b. the Reorganisation be approved by at least 75% of the votes cast by CDI Holders entitled to vote (rather than more than 50% of the votes cast which would otherwise apply).

Additional information

1. 5% Beneficial Share Ownership

As of the Notice of Meeting Record Date, to the best of each iShares ETF's knowledge, the persons listed in Annexure A beneficially owned more than 5% of the CDIs on issue of any series of such iShares ETF indicated.

2. Investment Adviser, Sub-Adviser and Administrator

Adviser: BlackRock Fund Advisors serves as investment adviser to the iShares ETFs, and is located at 400 Howard Street, San Francisco, CA 94 105. BlackRock Fund Advisors is an indirect wholly-owned subsidiary of BlackRock, Inc.

Administrator, Custodian and Transfer Agent: State Street Bank and Trust Company serves as administrator, custodian and transfer agent for the iShares ETFs, and is located at 1 Iron Street, Boston, MA 022 10.

Distributor: BlackRock Investments, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., serves as the distributor for the iShares ETFs, and is located at 1 University Square Drive, Princeton, NJ 08540.

Local Agent: BlackRock Investment Management (Australia) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc. serves as the Australian local agent for the iShares ETFs, and is located at Level 26, 101 Collins Street, Melbourne, Victoria, 3000.

CDI Holder Communications

CDI Holders wishing to send communications to the Board or a specified Director/Trustee or where a CDI Holder has a compliant or concern regarding any matter may address letters to:

BlackRock Investment Management (Australia) Limited
Local Agent for iShares Trust and iShares, Inc.
Level 26
101 Collins Street
Melbourne
Victoria 3000

Attention: Alison Telfer

Such letters may be submitted on an anonymous basis.

Please promptly submit EACH Proxy and Voting Form that you receive either via the Internet, by mail, by email or by fax. Please refer to the section of this Proxy Statement titled "Meeting details, voting and eligibility" to determine how you can vote.

Glossary

In this Notice of Meeting and Proxy Statement:

ABN means Australian Business Number.

AFSL means Australian Financial Services Licence.

AQUA Rules means the ASX Operating Rules that apply to AQUA products and the trading of AQUA products.

ASIC means the Australian Securities Investments Commission.

ASX means the ASX Limited and its affiliates.

AUM means assets under management.

BIMAL means BlackRock Investment Management (Australia) Limited ABN 13 006 165 975.

BlackRock Group means BlackRock, Inc. and any of its subsidiaries or associated entities.

CDI means CHESS Depository Interests (in relation to shares) under the ASX Settlement Operating Rules.

CDI Holder means a holder of CDIs in respect of the shares in the applicable iShares ETF of the relevant Corporation.

Corporation means either iShares Trust or iShares Inc and **Corporations** has the corresponding meaning.

Corporations Act means the *Corporations Act 2001* (Cth).

Depository Nominee means CHESS Depository Nominees Pty Ltd.

ETF means an exchange traded fund.

Proxy Statement means this Joint Proxy Statement dated 3 May 2018.

iShares Inc means iShares, Inc. ARBN 125 632 279.

iShares Trust means iShares Trust ARBN 125 632 411.

Meeting means each meeting of CDI Holders in relation to each iShares ETFs of the Corporations, which are to be held consecutively.

Meeting Pack means the information provided to CDI Holders in relation to the Meeting, including the Notice of Meeting, Proxy Statement, Proxy and Voting Form and PDS(s) for the relevant New Australian ETFs.

NAV means net asset value.

New Australian ETF means the newly established Australian managed investment schemes in respect of which BIMAL is the responsible entity, the units of which will be quoted on the ASX under the AQUA Rules.

Notice of Meeting means this Notice of CDI Holder Meeting dated 3 May 2018.

PDS means the product disclosure statement in respect of a New Australian ETF and which accompanies this Notice of Meeting and Proxy Statement where applicable.

Proxy and Voting Form means the proxy and voting form accompanying the Notice of Meeting.

iShares ETF means each of:

- ▶ iShares Asia 50 ETF;
- ▶ iShares China Large-Cap ETF;
- ▶ iShares Europe ETF;
- ▶ iShares Global 100 ETF;
- ▶ iShares Global Consumer Staples ETF;
- ▶ iShares Global Healthcare ETF;
- ▶ iShares MSCI EAFE ETF;
- ▶ iShares MSCI Emerging Markets ETF;
- ▶ iShares MSCI Japan ETF;
- ▶ iShares MSCI South Korea ETF;
- ▶ iShares MSCI Taiwan ETF;
- ▶ iShares Core S&P 500 ETF (ASX trading name: iShares S&P 500 ETF);
- ▶ iShares Core S&P Mid-Cap ETF (ASX trading name: iShares S&P Mid-Cap ETF); and
- ▶ iShares Core S&P Small-Cap ETF (ASX trading name: iShares S&P Small-Cap ETF).

Notice of Meeting Record Date means 26 April 2018.

Reorganisation means the reorganisation involving the exchange of CDIs in relation to an iShares ETF for units in the relevant New Australian ETF as described in the Proxy Statement.

Reorganisation Record Date means the record date for determining which CDI Holders, including those new CDI Holders who acquired CDIs after the Notice of Meeting Record Date and therefore are not entitled to participate in or vote at the CDI Holder Meeting, will be issued units in the relevant New Australian ETF.

Resolution means the resolution of Meeting outlined in the Notice of Meeting.

US means United States of America.

Directory

iSHARES CALL CENTRE

Telephone: 1300 474 273 between 9:00 am and 5:00 pm Monday to Friday AEST
Email: ishares.australia@blackrock.com

iSHARES TRUST & iSHARES, INC. - AUSTRALIAN REGISTERED OFFICE

c/- BlackRock Investment Management (Australia) Limited
Level 26
101 Collins Street
Melbourne Victoria 3000

Telephone: 1300 366 100
Facsimile: 1300 366 107 Email: clientservices.aus@blackrock.com

AUSTRALIAN iSHARES ETF CDI REGISTRAR

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria, 3067

Telephone: 1300 474 273
Facsimile: (02) 8235 8150

RESPONSIBLE ENTITY OF NEW AUSTRALIAN ETFs

BlackRock Investment Management (Australia) Limited
Level 26
101 Collins Street
Melbourne
Victoria, 3000
Australia

Telephone: 1300 366 100
Facsimile: 1300 366 107 Email: clientservices.aus@blackrock.com
Email: clientservices.aus@blackrock.com

Annexure A

Number of CDIs on Issue

ASX Code	iShares ETF ASX Trading Name	CDIs on Issue
IEU	iShares Europe ETF	13,402,532
IOO	iShares Global 100 ETF	11,301,026
IEM	iShares MSCI Emerging Markets ETF	10,696,720
IVV	iShares S&P 500 ETF ¹	7,298,813
IAA	iShares Asia 50 ETF	4,921,559
IVE	iShares MSCI EAFE ETF	3,510,955
IXJ	iShares Global Healthcare ETF	3,337,030
IJP	iShares MSCI Japan ETF	3,232,593
IZZ	iShares China Large-Cap ETF	1,642,725
IJR	iShares S&P Small-Cap ETF ³	1,138,014
ITW	iShares MSCI Taiwan ETF	1,023,272
IXI	iShares Global Consumer Staples ETF	827,414
IBK	iShares MSCI BRIC ETF	660,411
IXP	iShares Global Telecom ETF	640,774
IJH	iShares S&P Mid-Cap ETF ²	555,204
IHK	iShares MSCI Hong Kong ETF	462,618
IKO	iShares MSCI South Korea ETF	440,955
IRU	iShares Russell 2000 ETF	375,548
ISG	iShares MSCI Singapore ETF	272,903

1. Legal name of iShares ETF: iShares Core S&P 500 ETF
2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

Annexure B

CDI Holders with more than five percent of the CDIs on issue of an iShares ETF

ASX Code	iShares ETF ASX Trading Name	Holder	% Held
IEU	iShares Europe ETF	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14.57
IEU	iShares Europe ETF	NATIONAL NOMINEES LIMITED	8.16
IEU	iShares Europe ETF	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	6.96
IVV	iShares S&P 500 ETF ¹	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9.87
IEM	iShares MSCI Emerging Markets ETF	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15.22
IEM	iShares MSCI Emerging Markets ETF	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	9.05
IEM	iShares MSCI Emerging Markets ETF	CITICORP NOMINEES PTY LTD	5.27
IAA	iShares Asia 50 ETF	AUST EXECUTOR TRUSTEES LTD <ACORNS GROW FUND>	6.70
IJP	iShares MSCI Japan ETF	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26.63
IJP	iShares MSCI Japan ETF	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	15.19
IVE	iShares MSCI EAFE ETF	NATIONAL NOMINEES LIMITED	11.73
IVE	iShares MSCI EAFE ETF	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8.94
IVE	iShares MSCI EAFE ETF	NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C	5.89
IJR	iShares S&P Small-Cap ETF ³	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	13.06
IXJ	iShares Global Healthcare ETF	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5.76
IXJ	iShares Global Healthcare ETF	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	5.28
IJH	iShares S&P Mid-Cap ETF ²	CITICORP NOMINEES PTY LIMITED	10.92
IJH	iShares S&P Mid-Cap ETF ²	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7.16
IZZ	iShares China Large-Cap ETF	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7.22
IKO	iShares MSCI South Korea ETF	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29.00
IKO	iShares MSCI South Korea ETF	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	26.78
IKO	iShares MSCI South Korea ETF	CITICORP NOMINEES PTY LIMITED	6.16
ITW	iShares MSCI Taiwan ETF	J P MORGAN NOMINEES AUSTRALIA LIMITED	81.08

1. Legal name of iShares ETF: iShares Core S&P 500 ETF
2. Legal name of iShares ETF: iShares Core S&P Mid-Cap ETF
3. Legal name of iShares ETF: iShares Core S&P Small-Cap ETF

Annexure C
Australian Taxation Report
Issued by Greenwoods & Herbert Smith Freehills Pty Ltd

The Directors
BlackRock Investment Management
(Australia) Limited
Level 37, Chifley Tower 2
Chifley Square
Sydney NSW 2000

1 May 2018
Matter 132305
By email

Dear Directors

Australian Taxation Report

We have been requested by BlackRock Investment Management (Australia) Limited (**BIMAL**) as the responsible entity of the new Australian exchange traded funds (**New Australian ETFs**) to prepare a taxation report to be included in this Notice of Meeting on or around 3 May 2018. It has been proposed that the Australian offer of the iShares ETFs be reorganised, which will involve the exchange of CDIs for units in the New Australian ETFs that will be quoted on the AQUA platform of the ASX (**AQUA**) (the **Reorganisation**).

The information contained in this report is of a general nature only. It does not constitute tax advice and should not be relied upon as such. This report outlines the general Australian taxation implications for CDI Holders in respect of the proposed Reorganisation.

We have only dealt with CDI holders who are individuals, complying superannuation entities and companies that hold their investments on capital account. We have not addressed the tax treatment for CDI holders who hold their investments on revenue account or as trading stock such as banks and other trading entities.

All investors should seek independent professional advice on the consequences of their participation in the transactions, based on their particular circumstances. CDI Holders who are not resident in Australia must obtain advice on the taxation implications arising in their local jurisdiction of the Reorganisation.

Terms used in this report, unless stated otherwise, are defined in the same way as they are in the Notice of Meeting.

This report is based on the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *A New Tax System (Goods and Services Tax) Act 1999* and related Acts, regulations and Australian Taxation Office (**ATO**) rulings and determinations applicable as at the date of this report.

Doc 510947408.11

1 Proposal

Detailed in the Notice of Meeting is a summary of the proposal CDI Holders are being asked to consider. This proposal is described as the Reorganisation.

A description of and the taxation implications for CDI Holders of the Reorganisation is discussed below.

We understand that CDI Holders will be separately provided information in relation to the Australian taxation implications arising from the ongoing holding of units in the New Australian ETFs. CDI Holders should carefully consider this information when considering the implications of the Reorganisation.

2 Background

Under the Reorganisation proposal:

- On the implementation date of the Reorganisation (the **Implementation Date**), all of the CDI Holders will receive 1 unit in the New Australian ETFs (**Units**) in exchange for each CDI they hold;
- The New Australian ETFs will be managed investment schemes that are registered under Chapter 5C of the *Corporations Act 2001*;
- BlackRock Investment Management (Australia) Limited will be the trustee and responsible entity of the New Australian ETFs (**Trustee and Responsible Entity**);
- Units in the New Australian ETFs will be listed on the AQUA trading platform of the ASX; and
- The CDIs will remain in place temporarily following the Reorganisation in order to allow time for the New Australian ETFs to transmute its CDIs to the beneficial interest in the iShares ETFs.

3 Taxation consequences of the Reorganisation

The tax implications of the Reorganisation are outlined below. In this regard, BlackRock Australia has received a draft Class Ruling from the Australian Taxation Office (**ATO**) confirming the availability of CGT roll over relief in the relevant circumstances. You should note that whilst this is the considered view of the ATO the Class Ruling remains in draft. You should review the Class Ruling when it is finalised and released publicly.

3.1 Capital Gains Tax event

A CGT event will happen to CDI Holders if the Reorganisation is approved. The time of the CGT event is the date when the CDI is disposed of, being the Implementation Date of the Reorganisation.

3.2 Capital Gain/Loss

To the extent that the capital proceeds (the market value of the Units) that you receive are greater than the cost base of your CDIs, you will realise a capital gain as a result of the Reorganisation.

To the extent that the capital proceeds (the market value of the Units) that you receive are less than the cost base of your CDIs, you will realise a capital loss as a result of the Reorganisation.

3.3 Choosing scrip-for-scrip CGT rollover relief

To the extent CDI Holders realise a capital gain as a result of the Reorganisation, the capital gain may be disregarded if scrip-for-scrip rollover relief is chosen in respect of their CDIs and Units.

For resident individual CDI Holders, rollover is applied by excluding the capital gain from your tax return and inserting code "F" for scrip-for-scrip rollover at Box M of Question 18 on your tax return.

In addition, where scrip-for-scrip rollover relief is chosen:

- the cost base of the Units you receive under the Reorganisation will be equal to the cost base of your CDIs at the time of the Reorganisation; and
- the date of acquisition of the Units that you receive will be taken to be the date on which your CDIs were originally acquired. This is particularly relevant for CGT discount purposes which is discussed below.

3.4 No scrip-for-scrip CGT rollover relief

To the extent CDI Holders realise a capital loss as a result of the Reorganisation or do not choose scrip-for-scrip rollover relief:

- the cost base of the Units you receive under the Reorganisation will be equal to the market value of the Units you receive at the time of the Reorganisation; and
- the date of acquisition of the Units you receive is taken to be the Implementation Date of the Reorganisation.

3.5 GST

There is no GST payable in respect of the acquisition of the Units.

3.6 Australian Tax File Numbers (TFN) and Australian Business Numbers (ABN)

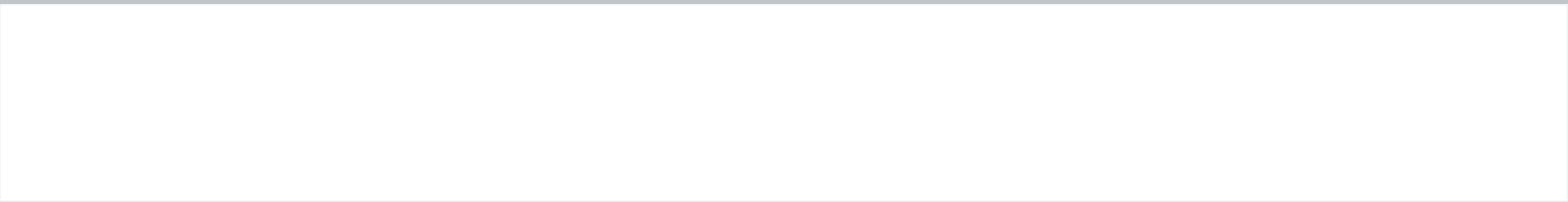
Unitholders will be given the opportunity to quote their TFN or TFN exemption. A Unitholder need not quote a TFN. However, if a TFN is not quoted, or an appropriate TFN exemption is not provided, tax may be required to be deducted by the Trustee from any distributions at the highest marginal tax rate unless the Unitholder holds the Units in course of furtherance of an enterprise, in which case an ABN can be quoted instead. The highest marginal rate of tax for the 2017-18 year is 47%.

* * * *

Yours sincerely

Greenwoods + Herbert Smith Freehills Pty Limited

GREENWOODS & HERBERT SMITH FREEHILLS PTY LIMITED



iShares International Equity ETFs No. 2 Product Disclosure Statement



Dated: 3 May 2018

Fund Name	ASX Code / ARSN
iShares Asia 50 ETF	IAA / 625 112 950
iShares China Large-Cap ETF	IZZ / 625 114 052
iShares Europe ETF	IEU / 625 113 528
iShares Global 100 ETF	IOO / 625 113 911
iShares Global Consumer Staples ETF	IXI / 625 114 552
iShares Global Healthcare ETF	IXJ / 625 114 347
iShares MSCI EAFE ETF	IVE / 625 116 887
iShares MSCI Emerging Markets ETF	IEM / 625 115 844
iShares MSCI Japan ETF	IJP / 625 114 687
iShares MSCI South Korea ETF	IKO / 625 114 212
iShares MSCI Taiwan ETF	ITW / 625 115 228
iShares S&P 500 ETF	IVV / 625 112 370
iShares S&P Mid-Cap ETF	IJH / 625 114 061
iShares S&P Small-Cap ETF	IJR / 625 113 886

BlackRock Investment Management (Australia) Limited
ABN 13 006 165 975
Australian Financial Services Licence No 230523

iShares International Equity ETFs No. 2

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iSHARES CALL CENTRE

Telephone: 1300 474 273 between 9:00 am and 5:00 pm
Monday to Friday AEST
Email: ishares.australia@blackrock.com

BLACKROCK INVESTMENT MANAGEMENT (AUSTRALIA) LIMITED

Level 26, 101 Collins Street, Melbourne VIC 3000
Telephone: 1300 366 100
Facsimile: 1300 366 107
Email: clientservices.aus@blackrock.com

iSHARES AUSTRALIA CAPITAL MARKETS DESK

BlackRock Investment Management (Australia) Limited
Level 37, Chifley Tower, 2 Chifley Square, Sydney NSW 2000
Telephone: (02) 9272 2345
Facsimile: (02) 9278 5573
Email: isharesaustralia.capitalmarkets@blackrock.com

FUND REGISTRAR

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067
Telephone: 1300 474 273 (open 8:30 am to 7:00 pm Monday
to Friday AEST)
Facsimile: (02) 8235 8209

1. Before you start

1.1 The issuer of this product disclosure statement

Investment in the:

- ▶ iShares Asia 50 ETF;
- ▶ iShares China Large-Cap ETF;
- ▶ iShares Europe ETF;
- ▶ iShares Global 100 ETF;
- ▶ iShares Global Consumer Staples ETF;
- ▶ iShares Global Healthcare ETF;
- ▶ iShares MSCI EAFE ETF;
- ▶ iShares MSCI Emerging Markets ETF;
- ▶ iShares MSCI Japan ETF;
- ▶ iShares MSCI South Korea ETF;
- ▶ iShares MSCI Taiwan ETF;
- ▶ iShares S&P 500 ETF;
- ▶ iShares S&P Mid-Cap ETF; and
- ▶ iShares S&P Small-Cap ETF,

(referred to in this Product Disclosure Statement (**PDS**) as the **Fund** in the singular or the **Funds** collectively) is offered and managed by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, Australian Financial Services Licence No. 230523 (referred to in this PDS as **BlackRock**, the **Responsible Entity**, the **Issuer**, the **Manager**, **we**, **our** or **us**). BlackRock is the manager of each Fund and acts as the responsible entity under the Corporations Act 2001 (Cth) (**Corporations Act**). We are the issuer of this PDS and of Units in the Funds.

BlackRock is a wholly owned subsidiary of BlackRock, Inc.[®] (**BlackRock Inc**) but is not guaranteed by BlackRock, Inc or any BlackRock, Inc subsidiary or associated entity (collectively the **BlackRock Group**). Neither BlackRock nor any member of the BlackRock Group guarantees the success of the Fund, the achievement of the investment objective, or the repayment of capital or particular rates of return on investment or capital. An investor in a Fund could lose all or a substantial part of their investment in that Fund. In particular, the performance of a Fund will depend on the performance and market value of the assets held by that Fund.

1.2 About this product disclosure statement

This PDS describes the main features of each Fund and is dated 3 May 2018. A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) and ASX Limited (**ASX**). Neither ASIC nor the ASX take any responsibility for the contents of this PDS.

This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. It is not available in any other country. Units in each Fund have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any of the states of the United States of America (**US**). Each Fund is not and will not be registered as an investment company under the US Investment Company Act of 1940. Investment in Units of each Fund by or on behalf of US persons is not permitted. Units in a Fund may not at any time be offered, sold, transferred or delivered within the US or to, or for the account or benefit of, a US person. Any issue, sale or transfer in violation of this restriction will not be binding upon a Fund and may constitute a violation of US law.

This PDS has been issued in relation to:

- ▶ the offer of the Units in the Funds as they relate to the proposed reorganisation of the Australian offer of certain US domiciled iShares ETFs (**US iShares ETFs**) issued by iShares, Inc. and iShares Trust (the **US Corporations**) the shares of which are presently offered to Australian investors via settlement of CHESS Depository Interests (**CDIs**). The reorganisation will involve the exchange of CDIs over each applicable US iShares ETF for Units in a corresponding Fund (the **Reorganisation**).

The offer of Units in a Fund as it relates to the Reorganisation is only available to holders of CDIs over the applicable US iShares ETF (**CDI Holder**) as at the record date of the Reorganisation (**Reorganisation Record Date**).

Subject to the approval of the Reorganisation by CDI Holders of a US iShares ETF, the applicable US Corporation will, on behalf of all CDI Holders as of the Reorganisation Record Date, apply for the issue of Units in the corresponding Fund in consideration for the transfer of CDIs over the US iShares ETF. CDI Holders will in turn be issued Units in the corresponding Fund on a one-for-one basis.

A full timetable of the Reorganisation of each US iShares ETF will be issued following CDI Holder approval and announced to CDI Holders via the ASX Market Announcements Platform (available via asx.com.au).

Further details of the Reorganisation are available at www.blackrock.com/au/simplifyinvesting; and

- ▶ the offer to create Units in the Funds to Authorised Participants who have, where required, entered into a relevant Authorised Participant Agreement (**AP Agreement**).

Following implementation of the Reorganisation, Units of the Funds are expected to be quoted on ASX.

Investors who are not a CDI Holder as at the Reorganisation Record Date or an Authorised Participant cannot invest through this PDS but may do so through the ASX once the Funds have commenced quotation and may use this PDS for informational purposes only. Please consult your stockbroker or financial adviser for further information, or alternatively contact the iShares Call Centre (refer to page 4 of this PDS for contact details).

As at the date of this PDS, an application for quotation on the ASX has been made to the ASX in respect of each Fund, however, quotation has not commenced. The commencement of quotation of a Fund is dependent upon a number of factors, including, but not limited to:

- ▶ CDI Holders of the applicable US iShares ETF approving the Reorganisation of any such US iShares ETF;
- ▶ the Responsible Entity obtaining from ASX its approval to have a Fund admitted to quotation as an AQUA Product;
- ▶ the Responsible Entity obtaining certain Australian Tax Office rulings in respect of the Reorganisation; and
- ▶ the Responsible Entity agreeing all necessary contractual agreements with third parties, required before quotation of a Fund can commence, including but not limited to index licence agreements, administrator and custodial agreements and registrar agreements.

Unit creation requests in respect of a Fund will currently not be accepted. BlackRock may determine when Unit creation requests can be accepted, subject to the expiration of any applicable exposure period for each Fund, as required by the Corporations Act.

Should the Reorganisation of a US iShares ETF not be approved by CDI Holders, the offer of Units in the corresponding Fund to CDI Holders as at the Reorganisation Record date will be withdrawn, as will the offer to Authorised Participants to create Units in the corresponding Fund.

The information provided in this PDS is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. You should therefore assess whether the information is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances.

If any part of this PDS is established to be invalid or unenforceable under the law, it is excluded so that it does not in any way affect the validity or enforceability of the remaining parts.

The offers or invitations to subscribe for Units in a Fund under this PDS are subject to the terms and conditions described in this PDS.

We reserve the right to outsource any or all investment, management and administration functions, including to related parties, without notice to Unitholders. We reserve the right to accept or decline Unit creation requests in full or in part and reserve the right to change these terms and conditions.

If you have received this PDS electronically, we can provide you with a paper copy free of charge upon request by contacting the iShares Call Centre (refer to page 4 of this PDS for contact

1.3 Changes to this product disclosure statement and access to additional information

The Responsible Entity can change any terms and conditions of the offer contained in this PDS at any time.

Information contained in this PDS is current as at the date of this PDS. Certain information in this PDS, as well as the terms and features of each Fund, is subject to change from time to time. We will notify you of any material changes or other significant events that affect the information in this PDS (and may issue a supplementary or replacement PDS) in accordance with our obligations under the Corporations Act.

Updated information that is not materially adverse can be obtained from our website at www.blackrock.com.au/ishares. A paper copy of any updated information will be given, or an electronic copy made available, free of charge upon request.

Where a Fund is subject to the continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by disclosing material information regarding the Fund on our website at www.blackrock.com.au/ishares. A paper copy of this material will be available free of charge upon request. This information will also be released to the ASX via the ASX Markets Announcements Platform (asxonline.com.au).

1.4 Need help?

If you have questions about or need help investing, we recommend you speak to a licensed financial adviser. ASIC can help you check if a financial adviser is licensed. They have a website at www.asic.gov.au as well as a help line you can call on 1300 300 630.

Should you require general assistance with respect to an iShares ETF, please call the iShares Call Centre (refer to page 4 of this PDS for contact details). Alternatively, information on the different iShares ETFs quoted on ASX is available at www.blackrock.com.au/ishares or from your financial adviser.

2. About BlackRock and iShares

2.1 About BlackRock

The BlackRock Group is a global leader in investment management, risk management and advisory services for institutional and retail clients.

The BlackRock Group helps investors build better financial futures. As a fiduciary to our clients, we provide the investment and technology solutions they need when planning for their most important goals. At 31 March 2018, the BlackRock Group managed approximately US\$6.317 trillion in assets on behalf of our clients worldwide.

For additional information, please visit our website at www.blackrock.com.au.

2.2 About iShares

iShares® is a global leader in exchange-traded funds (**ETFs**), with more than a decade of expertise and commitment to individual and institutional investors of all sizes.

With over 800 funds globally across multiple asset classes and strategies and more than US\$1.7 trillion in assets under management as of 31 March 2018, iShares helps clients around the world build the core of their portfolios, meet specific investment goals and implement market views.

iShares ETFs are powered by the expert portfolio and risk management of the BlackRock Group, trusted to manage more money than any other investment firm (based on approximately US\$6.317 trillion in AUM as of 31 March 2018).

3. About the iShares Asia 50 ETF

The information in section 3 of this PDS relates solely to the iShares Asia 50 ETF (referred to in this section 3 of the PDS as the Fund).

3.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of 50 of the largest Asian equities.

3.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P Asia 50™ Net TR Index (AUD) (referred to in this section 3 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called the iShares Asia 50 ETF (referred to in this section 3 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

3.3 What does the Fund invest in?

The Fund will generally be exposed to the Asian equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

3.4 About the Index

The Index consists of 50 leading blue-chip companies that are drawn from four major Asian markets, being Hong Kong, Singapore, South Korea and Taiwan.

The Index is a float-adjusted, market capitalisation weighted index, including only the largest, most liquid equity securities domiciled in the four aforementioned Asian markets.

Constituents of the Index are selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile and sector and market representation (with reference to the Global Industry Classification Standards (**GICS®**)). A company's domicile is determined based on a number of criteria that include headquarters of the company, registration, country of exchange listing, place of operations, and residence of senior officers.

The Index may contain more than 50 constituent trading lines, since some companies may be represented by multiple share class lines in the Index.

As at the date of this PDS, constituents of the Index primarily include financials and information technology companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

4. About the iShares China Large-Cap ETF

The information in section 4 of this PDS relates solely to the iShares China Large-Cap ETF (referred to in this section 4 of the PDS as the Fund).

4.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of large-capitalisation Chinese equities that trade on the Hong Kong Stock Exchange.

4.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the FTSE China 50 Net TR Index (AUD) (referred to in this section 4 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called the iShares China Large-Cap ETF (referred to in this section 4 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

4.3 What does the Fund invest in?

The Fund will generally be exposed to the Chinese equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

4.4 About the Index

The Index is designed to track the performance of the largest companies in the Chinese equity market that are available to international investors and consists of 50 of the largest and most liquid Chinese companies.

Constituents of the Index are free float weighted based on their total market value, so that securities with higher total market values generally have a higher representation in the Index.

Constituents are required to be a current constituent of the FTSE All-World Index and currently trade on the Hong Kong Stock Exchange. Individual constituent weights are capped at 9% to avoid over concentration in any one security. Additionally, Index constituents are screened for liquidity, to ensure the Index remains tradable. Factors in determining liquidity include the availability of current and reliable price information and the level of trading volume relative to shares outstanding. Value traded and float turnover are also analysed on a monthly basis to review liquidity.

As at the date of this PDS, constituents of the Index primarily include financials, energy and information technology companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index rebalances quarterly in March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information

5. About the iShares Europe ETF

The information in section 5 of this PDS relates solely to the iShares Europe ETF (referred to in this section 5 of the PDS as the Fund).

5.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of leading European equities.

5.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P Europe 350™ Net TR Index (AUD) (referred to in this section 5 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called the iShares Europe ETF (referred to in this section 5 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

5.3 What does the Fund invest in?

The Fund will generally be exposed to the European equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

5.4 About the Index

The Index consists of 350 leading blue-chip companies that are drawn from 16 developed European markets.

The Index is a float-adjusted, market capitalisation weighted index, including some of the largest equity securities of companies domiciled in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Constituents of the Index are selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile and sector and market representation (with reference to the GICS®). A company's domicile is determined based on a number of criteria that include headquarters of the company, registration, country of exchange listing, place of operations, and residence of senior officers.

As at the date of this PDS, constituents of the Index primarily include financials, consumer staples, industrials, health care and consumer discretionary companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

6. About the iShares Global 100 ETF

The information in section 6 of this PDS relates solely to the iShares Global 100 ETF (referred to in this section 6 of the PDS as the Fund).

6.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of 100 large capitalisation global equities.

6.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P Global 100™ Net TR Index (AUD) (referred to in this section 6 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called the iShares Global 100 ETF (referred to in this section 6 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

6.3 What does the Fund invest in?

The Fund will generally be exposed to the international developed market equity securities that form the Index and in depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

6.4 About the Index

The Index measures the performance of multi-national, blue-chip companies of major importance in the global equity markets.

The Index is a float-adjusted, market capitalisation weighted index and a subset of the S&P Global 1200™, containing 100 highly liquid equity securities.

Constituents of the S&P Global 1200™ are selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile and sector and market representation (with reference to the GICS®). A company's domicile is determined based on a number of criteria that include headquarters of the company, registration, country of exchange listing, place of operations, and residence of senior officers.

Index constituents selected from the S&P Global 1200™ are screened for global exposure, sector representation, liquidity, financial viability and size. Equity securities with low market capitalisation or insufficient liquidity are excluded from consideration. To be considered eligible for the Index, a company must meet the following requirements:

- ▶ **Global Exposure.** Companies that: generate more than 30% of revenue outside domicile region; have more than 30% of assets located outside domicile region; and have revenue exposure in three “primary” regions (North America, Europe, and Asia/Pacific).
- ▶ **Sector Classification.** The Index aims to strike a GICS® sector balance with the S&P Global 1200™. Underweighted sectors relative to the S&P Global 1200™ will typically be targeted for Index additions.
- ▶ **Market Capitalisation.** Companies that are transnational corporations with a minimum float-adjusted market capitalisation of US\$ 5 billion.

While the Index is fixed at 100 companies, it may include more than 100 constituents at any point in time. Such cases arise when a regional component index of the S&P Global 1200™ contains more than one share class for a particular company. In such cases, the Index will use both share classes in its calculation, in order to maintain the full market capitalisation weight of the company in the index.

As at the date of this PDS, the Index was comprised of equity securities of companies located in the following countries: Australia, France, Germany, Japan, the Netherlands, South Korea, Spain, Switzerland, the United Kingdom and the US. Constituents of the Index primarily include information technology, financials consumer discretionary, health care and consumer staples companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

7. About the iShares Global Consumer Staples ETF

The information in section 7 of this PDS relates solely to the iShares Global Consumer Staples ETF (referred to in this section 7 of the PDS as the Fund).

7.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of global equities in the consumer staples sector.

7.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P Global 1200 Consumer Staples Net TR Index™ (AUD) (referred to in this section 7 of the PDS as the Index).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called iShares Global Consumer Staples ETF (referred to in this section 7 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

7.3 What does the Fund invest in?

The Fund will generally be exposed to the international consumer staple equity securities that form the Index and in depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

7.4 About the Index

The Index consists of all constituents of the S&P Global 1200™ that are classified within the GICS® consumer staples sector.

The S&P Global 1200™ is a float-adjusted, market capitalisation weighted index that includes the largest most liquid equity securities from around the world. The S&P Global 1200™ is composed of seven component indices, representing seven distinct regions and covers 30 countries.

While each of the S&P Global 1200™ component indices has its own index methodology, all indices are managed with consideration to a consistent methodology. Constituents of the S&P Global 1200™ are generally selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile and sector and market representation (with reference to the GICS®). A company's domicile is determined based on a number of criteria that include headquarters of the company, registration, country of exchange listing, place of operations, and residence of senior officers.

As at the date of this PDS, the Index was comprised of equity securities of companies located in the following countries: Australia, Belgium, Brazil, Canada, Chile, Denmark, France, Germany, Ireland, Japan, Mexico, the Netherlands, Norway, South Korea, Sweden, Switzerland, the United Kingdom and the US. Constituents of the Index are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

8. About the iShares Global Healthcare ETF

The information in section 8 of this PDS relates solely to the iShares Global Healthcare ETF (referred to in this section 8 of the PDS as the Fund).

8.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of global equities in the health care sector.

8.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P Global 1200 Health Care Sector Net TR Index™ (AUD) (referred to in this section 8 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called iShares Global Healthcare ETF (referred to in this section 8 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

8.3 What does the Fund invest in?

The Fund will generally be exposed to the international health care equity securities that form the Index and in depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

8.4 About the Index

The Index consists of all constituents of the S&P Global 1200 Index that are classified within the GICS® health care sector.

The S&P Global 1200™ is a float-adjusted, market capitalisation weighted index that includes the largest most liquid equity securities from around the world. The S&P Global 1200™ is composed of seven component indices, representing seven distinct regions and covers 30 countries.

While each of the S&P Global 1200™ component indices has its own index methodology, all indices are managed with consideration to a consistent methodology. Constituents of the S&P Global 1200™ are generally selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile and sector and market representation (with reference to the GICS®). A company's domicile is determined based on a number of criteria that include headquarters of the company, registration, country of exchange listing, place of operations, and residence of senior officers.

As at the date of this PDS, the Index was comprised of equity securities of companies located in the following countries: Australia, Belgium, Canada, Denmark, France, Germany, Japan, the Netherlands, South Korea, Spain, Switzerland, the United Kingdom and the US. Constituents of the Index are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

9. About the iShares MSCI EAFE ETF

The information in section 9 of this PDS relates solely to the iShares MSCI EAFE ETF (referred to in this section 9 of the PDS as the Fund).

9.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of large- and mid-capitalisation developed market equities, excluding the US and Canada.

9.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI EAFE Net TR Index (AUD) (referred to in this section 9 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called iShares MSCI EAFE ETF (referred to in this section 9 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

9.3 What does the Fund invest in?

The Fund will generally be exposed to the international developed market equity securities that form the Index and in depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

9.4 About the Index

The Index is designed to represent the performance of large- and mid-cap securities across 21 developed markets in Europe, Australasia and the Far East, excluding the US and Canada.

The Index is a free float-adjusted market capitalisation weighted index, based on the MSCI Global Investable Markets Indexes Methodology (**GIMI Methodology**), which provides a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The GIMI Methodology requires that indexes be constructed in accordance with the following steps: defining the equity universe; determining the market investable equity universe; determining market capitalisation size-segments; applying Index continuity rules; and classifying securities under the GICS®. Additionally, the methodology screens securities with consideration to MSCI’s market and security eligibility criteria, including, but not limited to minimum size, free float-adjusted market capitalisation, liquidity and length of trading requirements.

As at the date of this PDS, the Index was comprised of equity securities of companies located in the following 21 developed market countries or regions: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. Constituents of the Index primarily include financials, industrials, consumer discretionary, consumer staples and health care companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index rebalances quarterly in February, May, August and November. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

10. About the iShares MSCI Emerging Markets ETF

The information in section 10 of this PDS relates solely to the iShares MSCI Emerging Markets ETF (referred to in this section 10 of the PDS as the Fund).

10.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of large- and mid-capitalisation emerging market equities.

10.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI Emerging Markets Net TR Index (AUD) (referred to in this section 10 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called iShares MSCI Emerging Markets ETF (referred to in this section 10 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

10.3 What does the Fund invest in?

The Fund will generally be exposed to the international emerging market equity securities that form the Index and in depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

10.4 About the Index

The Index is designed to represent the performance of large- and mid-capitalisation securities in 24 emerging markets.

The Index is a free float-adjusted market capitalisation weighted index, based on the GIMI Methodology, which provides a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The GIMI Methodology requires that indexes be constructed in accordance with the following steps: defining the equity universe; determining the market investable equity universe; determining market capitalisation size-segments; applying Index continuity rules; and classifying securities under the GICS®. Additionally, the methodology screens securities with consideration to MSCI's market and security eligibility criteria, including, but not limited to minimum size, free float-adjusted market capitalisation, liquidity and length of trading requirements.

As at the date of this PDS, the Index was comprised of equity securities of companies located in the following 24 emerging market countries or regions: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. Constituents of the Index primarily include information technology and financials companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index rebalances quarterly in February, May, August and November. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

11. About the iShares MSCI Japan ETF

The information in section 11 of this PDS relates solely to the iShares MSCI Japan ETF (referred to in this section 11 of the PDS as the Fund).

11.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of Japanese equities.

11.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI Japan Net TR Index (AUD) (referred to in this section 11 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called iShares MSCI Japan ETF (referred to in this section 11 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

11.3 What does the Fund invest in?

The Fund will generally be exposed to the Japanese equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

11.4 About the Index

The Index is designed to measure the performance of the large- and mid- capitalisation segments of the Japanese market.

The Index is a free float-adjusted market capitalisation weighted index, based on the GIMI Methodology, which provides a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The GIMI Methodology requires that indexes be constructed in accordance with the following steps: defining the equity universe; determining the market investable equity universe; determining market capitalisation size-segments; applying Index continuity rules; and classifying securities under the GICS®. Additionally, the methodology screens securities with consideration to MSCI’s market and security eligibility criteria, including, but not limited to minimum size, free float-adjusted market capitalisation, liquidity and length of trading requirements.

As at the date of this PDS, constituents of the Index primarily include industrials, consumer discretionary, information technology and financials companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index rebalances quarterly in February, May, August and November. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

12. About the iShares MSCI South Korea ETF

The information in section 12 of this PDS relates solely to the iShares MSCI South Korea ETF (referred to in this section 12 of the PDS as the Fund).

12.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of South Korean equities.

12.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI Korea 25/50 Net TR Index (AUD) (referred to in this section 12 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called iShares MSCI South Korea ETF (referred to in this section 12 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

12.3 What does the Fund invest in?

The Fund will generally be exposed to the South Korean equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

12.4 About the Index

The Index is designed to measure the performance of the large- and mid-capitalisation segments of the Korean market.

The Index is a free float-adjusted market capitalisation weighted index, with a capping methodology applied to issuer weights so that no single issuer of a constituent exceeds 25% of the Index weight and all issuers with a weight above 5% do not, in the aggregate, exceed 50% of the Index weight.

The Index is based on the MSCI 25/50 Indexes Methodology, which is designed for certain US funds, like the Underlying Fund, as the index methodology allows US funds to implement an indexing strategy, while satisfying certain asset tests, such as those relating to asset diversification and sources of income, required under US regulation.

The Index is constructed with reference to an unconstrained free float-adjusted market capitalisation weighted index, which is also designed to measure the performance of the large- and mid-capitalisation segments of the Korean market (referred to in this section 12 of the PDS as the **Parent Index**).

Reflecting the 25% and 50% concentration constraints is the primary consideration in terms of both Index construction and Index maintenance. Minimising the tracking error between the Index and the Parent Index, while keeping the Index turnover to a reasonable level, is another important objective of the current methodology. This is achieved by rebalancing the Index using an optimisation process that aims to minimise the constituent weight differences between the Index and the Parent Index.

As at the date of this PDS, constituents of the Index primarily include information technology, financials, consumer discretionary and industrials companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index rebalances quarterly in February, May, August and November. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

13. About the iShares MSCI Taiwan ETF

The information in section 13 of this PDS relates solely to the iShares MSCI Taiwan ETF (referred to in this section 13 of the PDS as the Fund).

13.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of Taiwanese equities.

13.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI Taiwan 25/50 Net TR Index (AUD) (referred to in this section 13 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, also called iShares MSCI Taiwan ETF (referred to in this section 13 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

13.3 What does the Fund invest in?

The Fund will generally be exposed to the Taiwanese equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

13.4 About the Index

The Index is designed to measure the performance of the large- and mid-capitalisation segments of the Taiwanese market.

The Index is a free float-adjusted market capitalisation weighted index, with a capping methodology applied to issuer weights so that no single issuer of a constituent exceeds 25% of the Index weight and all issuers with a weight above 5% do not, in the aggregate, exceed 50% of the Index weight.

The Index is based on the MSCI 25/50 Indexes Methodology, which is designed for certain US funds, like the Underlying Fund, as the index methodology allows US funds to implement an indexing strategy, while satisfying certain asset tests, such as those relating to asset diversification and sources of income, required under US regulation.

The Index is constructed with reference to an unconstrained free float-adjusted market capitalisation weighted index, which is also designed to measure the performance of the large- and mid-capitalisation segments of the Taiwanese market (referred to in this section 13 of the PDS as the **Parent Index**).

Reflecting the 25% and 50% concentration constraints is the primary consideration in terms of both Index construction and Index maintenance. Minimising the tracking error between the Index and the Parent Index, while keeping the Index turnover to a reasonable level, is another important objective of the current methodology. This is achieved by rebalancing the Index using an optimisation process that aims to minimise the constituent weight differences between the Index and the Parent Index.

As at the date of this PDS, constituents of the Index primarily include information technology and financials companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index rebalances quarterly in February, May, August and November. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

14. About the iShares S&P 500 ETF

The information in section 14 of this PDS relates solely to the iShares S&P 500 ETF (referred to in this section 14 of the PDS as the Fund).

14.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of large-capitalisation US equities.

14.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P 500® Net TR Index (AUD) (referred to in this section 14 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, called iShares Core S&P 500 ETF (referred to in this section 14 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled "The Underlying Funds" for further information on the Underlying Fund.

14.3 What does the Fund invest in?

The Fund will generally be exposed to the large-capitalisation US equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

14.4 About the Index

The Index aims to measure the performance of the large-capitalisation sector of the US equity market, as determined by S&P Dow Jones Indices LLC (**S&P**).

The Index is a float-adjusted, market capitalisation weighted index, which includes 500 leading US companies with a market capitalisation of at least US\$6.1 billion.

Constituents of the Index are selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile, financial viability and sector and market representation (with reference to the GICS®). A company's US domicile is determined based on a number of criteria that include US regulatory filings, primary US exchange listing and plurality of US fixed assets and revenues.

As at the date of this PDS, constituents of the Index primarily include information technology, financials, health care, consumer discretionary and industrials companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled "Additional information about the Index" for further information.

15. About the iShares S&P Mid-Cap ETF

The information in section 15 of this PDS relates solely to the iShares S&P Mid-Cap ETF (referred to in this section 15 of the PDS as the Fund).

15.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of mid-capitalisation US equities.

15.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P MidCap 400® Net TR Index (AUD) (referred to in this section 15 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, called iShares Core S&P Mid-Cap ETF (referred to in this section 15 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

15.3 What does the Fund invest in?

The Fund will generally be exposed to the mid-capitalisation US equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

15.4 About the Index

The Index aims to measure the performance of the mid-capitalisation sector of the US equity market, as determined by S&P.

The Index is a float-adjusted, market capitalisation weighted index, which includes 400 US companies with a market capitalisation of between US\$1.6 billion and US\$6.8 billion.

Constituents of the Index are selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile, financial viability and sector and market representation (with reference to the GICS®). A company’s US domicile is determined based on a number of criteria that include US regulatory filings, primary US exchange listing and plurality of US fixed assets and revenues.

As at the date of this PDS, constituents of the Index primarily include information technology, financials, industrials, and consumer discretionary companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

16. About the iShares S&P Small-Cap ETF

The information in section 16 of this PDS relates solely to the iShares S&P Small-Cap ETF (referred to in this section 16 of the PDS as the Fund).

16.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses, composed of small-capitalisation US equities.

16.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P SmallCap 600® Net TR Index (AUD) (referred to in this section 16 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which each Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

The Fund will implement its optimisation investment strategy through an investment in a US domiciled version of the Fund, called iShares Core S&P Small-Cap ETF (referred to in this section 16 of the PDS as the **Underlying Fund**). Refer to the section of this PDS titled “The Underlying Funds” for further information on the Underlying Fund.

16.3 What does the Fund invest in?

The Fund will generally be exposed to the small-capitalisation US equity securities that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

The Fund will obtain exposure to the aforementioned securities indirectly, by investing in the Underlying Fund, which invests in such securities. The Fund may invest in the Underlying Fund by holding shares settled by way of CDIs.

Generally, the Fund and Underlying Fund may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

16.4 About the Index

The Index aims to measure the performance of the small-capitalisation sector of the US equity market, as determined by S&P.

The Index is a float-adjusted, market capitalisation weighted index, which includes 600 US companies with a market capitalisation of between US\$450 million and US\$2.1 billion.

Constituents of the Index are selected with consideration to specified eligibility criteria including, but not limited to, size, liquidity, country of domicile, financial viability and sector and market representation (with reference to the GICS®). A company's US domicile is determined based on a number of criteria that include US regulatory filings, primary US exchange listing and plurality of US fixed assets and revenues.

As at the date of this PDS, constituents of the Index primarily include industrials, financials, information technology, consumer discretionary and health care companies. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

The Index is reviewed and updated on an as need basis, with changes in response to corporate actions and market developments being made at any time. Share changes of 5% or greater are implemented when they occur. Share changes of less than 5% are only updated on a quarterly basis on the third Friday of March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.

17. Additional information about the Funds

17.1 The Underlying Funds

The Underlying Funds are all iShares ETFs and are managed by other members of the BlackRock Group.

Each Underlying Fund is a non-Australian domiciled iShares ETF, which is traded on an international stock exchange, which may include the New York Stock Exchange Arca, NASDAQ Stock Market or the Cboe BZX Exchange, Inc. (formerly known as BATS Exchange, Inc.).

Each Underlying Fund may be subject to certain investment and asset allocation requirements as required by the laws/regulations of their respective country of incorporation, registration and listing.

For further information on each Underlying Fund please contact BlackRock (refer to page 4 of this PDS for contact details).

17.2 Use of derivatives

Excluding the use of currency hedging derivatives for the efficient management of cash flows, the Funds are not expected to use derivatives. The Underlying Funds may use derivatives, such as futures, forwards, options and swap contracts, to manage risk and return. When derivative positions are established by an Underlying Fund they will always be backed by cash holdings and/or underlying assets. Derivative securities will not be used to gear an Underlying Fund.

Each Fund's exposure to over the counter (OTC) derivatives (excluding any collateral held in respect of any such OTC derivative and any OTC derivatives held for currency hedging purposes) is not expected, in aggregate, to exceed 5% of the net asset value (NAV) of the Fund.

17.3 Borrowing

While each Fund's constitution allows the Responsible Entity to borrow on behalf of the Fund, it is our intention that no borrowing arrangements will be entered into by the Funds other than temporary overdrafts, which may be used as a means of managing certain cash flows.

The Underlying Funds may be subject to certain borrowing restrictions as required by their governing documents or the laws/regulations of their respective country of incorporation, registration or listing. While the Underlying Funds are permitted to borrow, borrowing is generally only permitted on a temporary basis and in limited circumstances. The Underlying Funds are not permitted to borrow for investment purposes.

17.4 Rebalancing the Funds

Each Fund and Underlying Fund (where applicable) will typically rebalance its portfolio in line with the scheduled rebalance of its Index. The Funds and Underlying Funds may, however, undergo periodic unscheduled rebalances.

17.5 Fund performance and size

Following quotation of a Fund, information relating to the past performance of each Fund can be found on our website at www.blackrock.com.au/ishares.

Past performance is not a reliable indicator of future performance.

17.6 Additional information about the Index

BlackRock has no present intention to change the Index that is expected to be adopted by each Fund. Notice of any such change will be provided to Unitholders in accordance with our obligations under the Fund's constitution and all applicable law.

Following quotation of a Fund, information relating to the past performance of each Index can be found on our website at www.blackrock.com.au/ishares. It is important to note that past performance is not a reliable indicator of future performance.

FTSE International Limited (FTSE)

It is proposed that FTSE will be the index provider for the iShares China Large-Cap ETF. FTSE is not a related body corporate of BlackRock.

Further details regarding the Index of the aforementioned Fund, including index methodology and governance, is available on the index provider's website at www.ftse.com.

MSCI Inc. (MSCI)

It is proposed that MSCI will be the index provider for the iShares MSCI EAFE ETF, iShares MSCI Emerging Markets ETF, iShares MSCI Japan ETF, iShares MSCI South Korea ETF and iShares MSCI Taiwan ETF. MSCI is not a related body corporate of BlackRock.

The Parent Index for the iShares MSCI South Korea ETF and iShares MSCI Taiwan ETF is based on the GIMI Methodology. The GIMI Methodology provides a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The GIMI Methodology requires that indexes be constructed in accordance with the following steps: defining the equity universe; determining the market investable equity universe; determining market capitalisation size-segments; applying Index continuity rules; and classifying securities under the GICS®. Additionally, the methodology screens securities with consideration to MSCI's market and security eligibility criteria, including, but not limited to minimum size, free float-adjusted market capitalisation, liquidity and length of trading requirements.

Further details regarding the Index of the aforementioned Funds, including index methodology and governance is available on the index provider's website at www.msci.com/indexes.

S&P Dow Jones Indices LLC (S&P)

It is proposed that S&P will be the index provider for the iShares Asia 50 ETF, iShares Europe ETF, iShares Global 100 ETF, iShares Global Consumer Staples ETF, iShares Global Healthcare ETF, iShares S&P 500 ETF, iShares S&P Mid-Cap ETF and iShares S&P Small-Cap ETF. S&P is not a related body corporate of BlackRock.

Further details regarding the Index of the aforementioned Funds, including index methodology and governance, is available on the index provider's website at us.spindices.com.

17.7 Announcements to ASX

All announcements (including continuous disclosure notices and distribution information) will be made to ASX via the ASX Market Announcements Platform (available via asx.com.au).

17.8 Labour standards, environmental, social or ethical considerations

As each Fund and Underlying Fund aims to track the performance of its index, investment decisions are independent of labour standards or environmental, social or ethical considerations.

Investment Stewardship

The BlackRock Group's Investment Stewardship Team, a centralised resource for all portfolio managers, lead a programme focused on protecting and enhancing the economic value of companies in which the BlackRock Group invests on behalf of clients. The program includes providing specialist insight on social, environmental and governance considerations to all investment strategies, whether indexed or actively managed.

The Investment Stewardship Team does this through engagement with boards and management of investee companies and through voting at shareholder meetings. The BlackRock Group's overarching approach to investment stewardship is set out in the BlackRock Group's Investment Stewardship Corporate Governance and Engagement Principles. Voting is carried out in accordance with our market-specific voting guidelines. These documents are available on our website at www.blackrock.com/corporate/en-us/about-us/investment-stewardship.

17.9 Additional information

Following quotation of a Fund, the following information can be obtained from our website at www.blackrock.com.au/ishares:

- ▶ each Fund's last calculated NAV;
- ▶ each Fund's last calculated NAV per Unit (**NAV Price**). The NAV Price is the price applied to a Unit creation or redemption request. Refer to the section of this PDS titled "Processing of Unit creations and redemptions" for further information on the calculation of the NAV Price;
- ▶ the performance of each Fund compared to the performance of its Index;
- ▶ daily underlying holdings of each Fund (and where applicable any Underlying Fund), including the name and percentage composition of each asset by value relative to NAV as at the close of the previous trading day;
- ▶ a copy of the latest PDS;
- ▶ copies of each Fund's Annual and Semi Annual Financial Report (the financial year end for each Fund is 30 June); and
- ▶ details of each Fund's distributions (if declared).

17.10 Benefits of iShares

iShares ETFs are managed funds listed or quoted on stock exchanges (including ASX) providing you with the opportunity to gain exposure to a diversified portfolio of assets in a single transaction.

Benefits of investing in iShares ETFs generally include:

- ▶ **Diversification:** In contrast to a direct investment in a single company or bond, an iShares ETF provides, as far as possible and practicable, exposure to all of the securities or instruments within the index that the particular iShares ETF seeks to track.
- ▶ **Access global markets:** iShares ETFs let you achieve international diversification by investing in overseas equity and bond markets. With iShares ETFs you can gain exposure by asset class, market capitalisation, country and sector.
- ▶ **Liquidity and transparency:** Each iShares ETF seeks investment results that correspond generally to the performance (before fees and expenses) of a particular index. As a traded security, an iShares ETF enables you to enter and exit your holding on the ASX. You can easily track performance and trade during ASX trading hours (subject to ASX rules).
- ▶ **Managing risk:** Investing in an iShares ETF can assist you in establishing a portfolio appropriate to your investment needs and risk profile.
- ▶ **Lower cost:** As each iShares ETF is passively managed and designed to track the performance of a particular index, the expenses of managing an iShares ETF are generally lower compared to other forms of retail managed funds. However, brokerage or adviser fees may still apply when buying or selling units of an iShares ETF.
- ▶ **Receipt of income:** You will generally receive income from your investment in the form of distributions. Distributions may include dividends, coupons and other income. There may be years in which no distributions are made.
- ▶ **Accessibility:** iShares ETFs can offer a cost-effective way to gain exposure to a diversified portfolio of securities. They can be less costly than purchasing a large number of individual securities as there are less trading costs and they offer lower thresholds than an investor might otherwise be able to afford.

17.11 Securities lending

The Funds are not currently expected to participate in a securities lending program for the lending of securities held within each Fund's portfolio. Should a Fund commence securities lending we will notify Unitholders of this change. The Funds may be exposed to an Underlying Fund that participates in a securities lending program.

Where an Underlying Fund participates in a securities lending program, securities held within the Underlying Fund are lent to approved borrowers for a fee. The collected securities lending fee represents securities lending income, which generates additional investment returns for the Underlying Fund and therefore the Fund investing into it, providing improved index tracking performance. The Underlying Funds are permitted to lend a maximum of one-third of their AUM at any one time.

One or more member of the BlackRock Group has been appointed to serve as a securities lending agent by each Underlying Fund, to the extent that an Underlying Fund participates in the securities lending program. For these services, the securities lending agent will receive a fee. The income earned from securities lending will be allocated between the participating Underlying Fund and the securities lending agent and paid on a percentage basis to the securities lending agent at normal commercial rates. As at the date of this PDS, to the extent an Underlying Fund undertakes securities lending each Underlying Fund will retain between either 65%-75% or 70%-80% of the security lending income, with the remainder being paid to the securities lending agent. The amount of securities lending income retained by each Underlying Fund is dependent upon investment exposure and agreed income hurdles, figures take into consideration associated cash collateral investment fees.

Each securities lending agent will pay for any securities lending costs out of its portion of the securities lending income. While participation in the securities lending program requires the payment of securities lending agent fees, all fees are paid for out of any generated securities lending income. If no securities lending income is generated, no securities lending agent fees will be payable.

The participation of the Underlying Funds in a securities lending program may give rise to certain conflicts of interest. The BlackRock Group has adopted policies and procedures designed to address these potential conflicts of interest. Refer to the section of this PDS titled "What about the specific risks of the Funds?" for further information on the risks associated with securities lending.

For the last financial year of each Fund, the estimated securities lending income/fees attributable to each Fund (as a result of its investment in an Underlying Fund) is provided in the table below.

Securities lending income/fees (estimated) ¹

Fund name	Total securities lending income	Fund securities lending income	Securities lending agent fee ²
iShares Asia 50 ETF	0.01% p.a.	0.01% p.a.	0.00% p.a. ³
iShares China Large-Cap ETF	0.05% p.a.	0.04% p.a.	0.01% p.a.
iShares Europe ETF	0.01% p.a.	0.01% p.a.	0.00% p.a. ³
iShares Global 100 ETF	0.01% p.a.	0.01% p.a.	0.00% p.a. ³
iShares Global Consumer Staples ETF	0.01% p.a.	0.01% p.a.	0.00% p.a. ³
iShares Global Healthcare ETF	0.01% p.a.	0.01% p.a.	0.00% p.a. ³
iShares MSCI EAFE ETF	0.01% p.a.	0.01% p.a.	0.00% p.a. ³
iShares MSCI Emerging Markets ETF	0.08% p.a.	0.06% p.a.	0.02% p.a.
iShares MSCI Japan ETF	0.03% p.a.	0.02% p.a.	0.01% p.a.
iShares MSCI South Korea ETF	0.18% p.a.	0.15% p.a.	0.03% p.a.
iShares MSCI Taiwan ETF	0.07% p.a.	0.05% p.a.	0.02% p.a.
iShares S&P 500 ETF	0.01% p.a.	0.01% p.a.	0.00% p.a. ³
iShares S&P Mid-Cap ETF	0.03% p.a.	0.02% p.a.	0.01% p.a.
iShares S&P Small-Cap ETF	0.10% p.a.	0.07% p.a.	0.03% p.a.

1. Figures disclosed as a percentage of a Fund's reasonably estimated average AUM for the following 12-month period.
2. Amount includes investment fees charged in the management of cash collateral. Disclosed as an indirect cost of each Fund (refer to the section of this PDS titled "Fees and other costs" for further information).
3. Negligible securities lending income/fees.

18. About the AQUA Rules

Each Fund is expected to be quoted on the ASX under the AQUA Rules. The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, ETFs and structured products.

As most investors are more familiar with the ASX Listing Rules, it is important to note the main differences between the AQUA Rules and the ASX Listing Rules, which are set out below.

ASX Listing Rules	ASX AQUA Rules
Control	
<p>A person:</p> <ul style="list-style-type: none"> ▶ controls the value of its own securities and the business it runs, ▶ the value of those securities is directly influenced by the equity issuer's performance and conduct. <p>e.g. the management and board generally control the fate of the business and, therefore, have direct influence over the share price.</p>	<p>A person:</p> <ul style="list-style-type: none"> ▶ does not control the value of the assets underlying its products, but ▶ offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities. <p>The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself.</p> <p>e.g. A managed fund issuer does not control the value of the shares it invests in.</p>
Continuous disclosure	
<p>Products under the ASX Listing Rules are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.</p>	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.</p> <p>There is, however, still a requirement under the AQUA Rules that an issuer of a product quoted under the AQUA Rules provide ASX with information that the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</p> <p>In addition, issuers of products quoted under the AQUA Rules must disclose information about:</p> <ul style="list-style-type: none"> ▶ the Net Tangible Assets or the NAV of the funds; ▶ dividends, distributions and other disbursements; and ▶ any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act must be disclosed to ASX via the ASX Company Announcement Platform at the same time it is disclosed to ASIC.
Periodic disclosure	
<p>Products under the ASX Listing Rules are required to disclose half-yearly and annual financial information or annual reports under Chapter 4 of the ASX Listing Rules.</p>	<p>Products quoted under the AQUA Rules are not required to disclose half-yearly and annual financial information or annual reports under the AQUA Rules.</p> <p>However, because the Fund is a registered managed investment scheme, we are still required to prepare financial reports under Chapter 2M of the Corporations Act. These reports will be made available on our website at www.blackrock.com.au/ishares.</p>

ASX Listing Rules	ASX AQUA Rules
Corporate control	
<p>Requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings apply to companies and schemes.</p> <p>The responsible entity of a listed scheme may be replaced by a resolution of members holding a majority of the votes cast on the resolution.</p>	<p>Certain requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to companies and listed schemes do not apply to products quoted under the AQUA Rules.</p> <p>Issuers of products quoted under the AQUA Rules are subject to general requirement to provide the ASX with any information concerning itself that may lead to the establishment of a false market or materially affect the price of its products.</p> <p>The responsible entity of a scheme being admitted to Trading Status on ASX and quoted under the AQUA Rules may only be replaced by a resolution of members holding a majority of votes that are eligible to be cast on the resolution.</p>
Related party transactions	
<p>Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.</p>	<p>Chapter 10 of the ASX Listing Rules does not apply to AQUA products.</p> <p>Schemes being admitted to Trading Status on ASX and quoted under the AQUA Rules remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.</p>
Auditor rotation	
<p>There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.</p>	<p>Issuers of products under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act.</p> <p>The responsible entity of a scheme being admitted to Trading Status on ASX and quoted under the AQUA Rules will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with section 60 1HG of the Corporations Act.</p>
Disclosure	
<p>Entities admitted under the ASX Listing Rules are subject to the requirements of the Corporations Act in relation to the issue of a PDS.</p>	<p>Products quoted under the AQUA Rules will also be subject to these requirements of the Corporations Act.</p>

Source: ASX Rules Framework

19. Fund risks

19.1 What are the risks of investing?

Before you make an investment decision, it is important to identify your investment objectives and the level of risk that you are prepared to accept. This may be influenced by:

- ▶ the timeframe over which you are expecting a return on your investment and your need for regular income versus long-term capital growth;
- ▶ your level of comfort with volatility in returns; or
- ▶ the general and specific risks associated with investing in particular funds.

19.2 General risks

All investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns.

The value of your investment will fluctuate with the value of the underlying investments in a Fund. Investment risk may also result in loss of income or capital invested and possible delays in repayment. You could receive back less than you initially invested and there is no guarantee that you will receive any income.

19.3 What about the specific risks of the Funds?

Specific risks of investing in the Funds (and Underlying Funds) may include, but are not limited to:

Derivative risk. The Funds may be exposed to derivative securities. The use of derivatives expose a fund to different risks as opposed to investing directly in a security. For example, derivatives can cause a fund to make greater gains or incur greater losses than the gains and losses of the underlying security in relation to which the derivative derives its value.

Derivative transactions may be subject to the risk that a counterparty to the transaction will wholly or partially fail to perform their contractual obligations under the arrangement (including failing to meet collateral requirements under the arrangement). Additionally, OTC markets are not guaranteed by an exchange or clearing corporation and generally do not require payment of margin. To the extent that a fund has unrealised gains in such instruments or has deposited collateral with its counterparty that fund is at risk that its counterparty will become bankrupt or otherwise fail to honour its obligations. Derivative transactions may also expose a fund to a risk of potential illiquidity if the derivative instrument is difficult to purchase or sell.

The BlackRock Group attempts to minimise these risks by engaging in derivative transactions only with financial institutions that have substantial capital or that have provided a third-party guarantee or other credit enhancement.

Equity security risk. Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. Dividend payments from shares may also vary over time.

Foreign investment risk. The Funds may be exposed to securities or derivative instruments issued in foreign markets and as such faces risks associated with:

- ▶ differences between countries in relation to accounting, financial reporting, legal, regulatory, pricing, liquidity and settlement and clearance procedures;
- ▶ currency risk, the risk that foreign currencies change in value relative to the Australian dollar, which may affect the Fund's investment returns; and
- ▶ the countries to which the Funds are exposed may be subject to considerable degrees of economic, political and social instability, which may reduce or preclude the ability to trade security exposures or negatively affect a security's value.

Liquidity risk. The Funds may be exposed to securities with limited liquidity, which are in practice infrequently traded or for which typical daily volumes traded are small. It may not be possible to sell such securities when it is desirable to do so or to realise what the manager perceives to be their fair value in the event of a sale. The general level of market liquidity also varies and may deteriorate. Such a deterioration may negatively impact the ability to trade fund securities and may negatively affect the price at which a trade is executed. These circumstances could impair a fund's ability to make distributions to a redeeming unit holder in a timely manner and a fund may need to consider suspending redemptions. The BlackRock Group aims to reduce these risks by understanding the liquidity characteristics of securities a fund is exposed to and plans trading so as to minimise the adverse consequences of low liquidity.

Securities lending risk. The Funds may be exposed to an underlying fund that engages in a securities lending program, which involves the lending of fund investments to counterparties over a period of time. In the event that a fund engages in securities lending it may have a credit risk exposure to the counterparties to any securities lending contract. While the securities lending program generally seeks to ensure all securities lending is fully collateralised, a fund may lose money where any securities lending is not fully collateralised (i.e. due to timing issues arising from payment lags or due to a fall in the value of the collateral below the value of the loaned securities) and where a borrower of loaned securities defaults on its obligations (i.e. failing to return the securities in a timely manner or at all). A fund could also lose money in the event of a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for a fund.

Small cap securities risk. The iShares S&P Small-Cap ETF may be exposed to securities of smaller capitalisation companies. Smaller capitalisation companies may, from time to time, and especially in falling markets, become less liquid and experience short-term price volatility. They may also be less financially secure than larger, more established companies and depend on a small number of key personnel, which increases the risk of the company's failure if a product fails, management changes or if there are other adverse developments.

Underlying fund risk. The Funds may implement some or all of their investment strategy through an investment in an underlying fund. The Fund and its underlying fund are managed as separate entities, with separate investment objectives and investment strategies. No guarantee can be given that the underlying fund will meet its investment objective, continue to be managed according to its current investment strategy or be open to investments in the future. Changes to the underlying fund may be made without unitholder approval. Should an underlying fund change its investment objective or investment strategy, we will review such changes with consideration to the investment objective and strategy of the applicable Fund. Further, if the underlying fund were to be suspended, closed or terminated for any reason, the Fund investing into it would be exposed to those changes.

19.4 Risks of investing in ETFs and managed funds

The risks of investing in ETFs and more generally managed investment schemes may include, but are not limited to:

Conflicts of interest risk. Certain conflicts of interest may arise in the operation of a BlackRock Group fund. Fund structures may involve members of the BlackRock Group acting in more than one capacity, while BlackRock Group funds may hold over-the-counter derivative agreements where a member of the BlackRock Group is acting (in different capacities) on both sides of the agreement. BlackRock Group funds may be invested in by persons associated with BlackRock Group or by other funds and accounts managed by different members of the BlackRock Group. Investors in a fund may, in some instances, invest on different terms to each other, some of which may be more favourable than others. Each investor in a fund may act in a way that is adverse to the interests of other investors in that fund. Additionally, funds and accounts managed by different members of the BlackRock Group may act as a seed investor in a BlackRock Group fund, which may create a commercial opportunity for the BlackRock Group. For example, a seed investment may allow the BlackRock Group to establish a track record for a fund that can then be sold to other clients. Certain investment strategies of the BlackRock Group may conflict with each other and may affect the price and availability of securities in which to invest. Members of the BlackRock Group may also give advice or take action with respect to any of their clients, which may differ from the advice given or the timing or nature of any action taken with respect to the investments of other BlackRock Group funds or accounts.

While conflicts of interest may arise from time to time, the BlackRock Group has established policies and procedures in place to manage any such conflict, which includes ensuring transactions between BlackRock Group entities are conducted on an arm's length commercial basis.

Dealing risk. There may be instances where the Units of each Fund will not be widely held. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. While this risk cannot be entirely removed in order to address such dealing risk, each Fund has been appointed one or more market maker.

Counterparty risk. Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the manager of a fund in relation to the sale and purchase of assets or securities. Such institutions may also be issuers of the securities in which a fund invests. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of a fund. While the BlackRock Group uses reasonable efforts to mitigate such risks, there can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the relevant fund.

Fund risk. The price of units in a fund and the income from them may go down as well as up. Investors may not get back their original investment. There can be no assurance that a fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. Capital return and income of a fund is based on the capital appreciation and income of the securities invested in, less expenses incurred. Fund returns may fluctuate in response to changes in such capital appreciation or income. The payment of distributions is at the discretion of the fund issuer, taking into account various factors and its own distribution policy. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. There can be no assurance that the distribution yield of a fund is the same as that of its index due to factors such as expenses incurred by the fund. Investing in a fund may result in a different tax outcome than investing in securities directly. The application of tax laws and certain events occurring within a fund may result in you receiving some of your investment back as income in the form of a distribution. A fund will generally not be managed with consideration of the individual circumstances, including specific tax considerations, applicable to any single unitholder in the fund. Past performance is not indicative of future performance.

Index related risk. In order to meet their investment objective, the Funds will seek to achieve a return that reflects the return of its index, as published by the index provider. While index providers do provide a description of what each index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, nor any guarantee that the published index will be in line with their described benchmark index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where an index is less commonly used. During a period where an index contains incorrect constituents, a fund benchmarked to that index would have market exposure to such constituents. As such, errors may potentially result in a negative or positive performance impact to the fund and to its unitholders. Apart from scheduled rebalances, index providers may carry out additional ad hoc rebalances to their benchmark indices in order, for example, to correct an error in the selection of index constituents. Where the index is rebalanced and a fund in turn rebalances its portfolio to bring it in line with the index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne by the fund and, by extension, the fund's unitholders. Therefore, errors and additional ad hoc rebalances carried out by an index provider may increase the costs and market exposure risk of a fund.

Individual investment risk. Individual securities held by a fund can and do fall in value for many reasons. Both price and levels of income are subject to fluctuation. Returns from individual securities will vary and price movements can be volatile.

Market risk. Economic, technological, political or legislative conditions and even market sentiment can (and do) change and this can affect the value of the investments in a fund. The value of a fund will change with changes in the market value of the securities to which it is exposed.

Market trading risk. The units of ETFs (such as the Funds) may trade on securities exchanges in the secondary market, like the ASX. Risks associated with such trading activity may include the following:

- ▶ **Secondary market trading risk.** While the unit creation/redemption feature of an ETF is designed to make it likely that units of the ETF will trade close to their NAV in the secondary market, at times when the ETF does not accept orders to create or redeem units (such as when a Fund suspends trading in accordance with the terms of its constitution) or if there are disruptions to unit creation or redemption processes, units of the ETF may trade in the secondary market with more significant premiums or discounts than might otherwise be experienced.
- ▶ **Settlement risk.** The Funds may be exposed to settlement risk, as the Funds are reliant on the operation of CHES, including for Unit creations and redemptions. The Funds are exposed to the extent that there is a risk that Authorised Participants may fail to fulfil their settlement obligations. The risk is partly mitigated as participants in CHES are subject to rules of participation, which include sanctions if there is a failure to meet their obligations. Where trading in relation to a security is suspended, there may be a delay in settlement in relation to that security.
- ▶ **Secondary market suspension.** Investors will not be able to acquire or dispose of Units on the ASX during any period that the ASX suspends trading in the Units. The ASX may suspend the trading of Units whenever the ASX determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the ASX is suspended. Refer to the section of this PDS, titled “Redemption rights of non-Authorised Participant Unitholders” for further information on the redemption rights of secondary market investors when the trading in Units on the ASX has been suspended.
- ▶ **Revocation of ASX approval of quotation risk.** The ASX imposes certain requirements for the continued quotation of securities, including units of ETFs. There can be no assurance that the Funds will continue to meet the requirements necessary to maintain quotation of Units on the ASX or that the ASX will not change the quotation requirements. The Funds may be terminated if the ASX revokes listing approval.

- ▶ **No trading market in ETF units.** There can be no assurance that an active trading market will exist for units of an ETF on the securities exchanges the ETF is traded. Further, there can be no assurance that units of an ETF will experience trading or pricing patterns similar to those of ETFs which are issued by investment companies in other jurisdictions or those traded on the ASX that seek to track a different index. Investors should note that liquidity in the secondary market for ETF units may be adversely affected if there is no market maker or authorised participant for the ETF. Although units of an ETF may be quoted on a securities exchange and there may be one or more appointed market maker, there may be no liquid trading market for the ETF units or such appointed market maker(s) may cease to fulfil that role. It is the Responsible Entity’s intention that there will always be at least one market maker for the Units of the Funds.

Operational risk. The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Adverse impacts may arise internally through human error, technology or infrastructure changes, or through external events such as third party failures or crisis events. The BlackRock Group has procedures in place to manage these risks and, as much as possible, monitor the controls within these procedures to ensure operational risks are adequately managed.

Regulatory and business risk. Changes in corporate, taxation or other relevant laws, regulations or rules may adversely affect your investment. For example, such changes may adversely affect a fund’s ability to execute certain investment strategies, which could have a material effect on performance. The laws affecting registered managed investment schemes may also change in the future.

Tracking error risk. The NAV of each Fund may not correlate exactly with the index it is designed to match. Factors such as fund fees and expenses, imperfect correlation between fund security holdings and index constituents, inability to rebalance portfolio holdings in response to changes to index constituents, rounding of prices, index changes and regulatory policies may affect the ability of a fund to achieve close correlation with the index. A fund’s returns may therefore deviate from the index it is designed to match. Funds that employ an optimisation strategy may incur tracking error risk to a greater extent than a fund that seeks to fully replicate an index.

19.5 Risk management

The Funds and Underlying Funds benefit from the BlackRock Group's global expertise and risk management practices, with investment strategies employed across the BlackRock Group being continuously monitored and assessed.

Risk management is integral to the BlackRock Group's culture and has been integrated into management and investment practices wherever possible. The BlackRock Group recognises that risk management is an integral part of sound management practice and is therefore committed to continually investing incrementally in its risk management capabilities commensurate with the increasing complexity, range and scale of its business activities.

Asset exposures are constantly monitored to ensure all BlackRock Group funds remain within permitted investment parameters. Operating and investment processes are continuously reviewed through a combination of internal and external audit, regular compliance monitoring, management self-assessment procedures and risk management oversight.

Management of key controls and performance measurement is accomplished through routine reporting on investment activities. The BlackRock Group's automated systems produce reports that enable the ongoing monitoring of trading and investment activity against assigned limits, including individual trader and counterparty limits. Transactions that may result in exceptions to the established limits must have appropriate approval in accordance with internally documented policies.

Departmental oversight

The BlackRock Group has operational functions that help in the implementation of its risk management framework, including:

- ▶ **Risk and Quantitative Analysis:** Monitors the continuing development of process controls and functional segregation in conjunction with relevant business units to ensure that these remain robust and appropriate to the needs of the business. The Risk and Quantitative Analysis Team also measures and monitors all BlackRock Group funds.
- ▶ **Legal and Compliance:** Responsible for the identification, communication and control of applicable legislation and restrictions. Compliance staff also conduct periodic compliance reviews of key processes and work closely with management to develop suitable controls.
- ▶ **Internal Audit:** Responsible for the review of internal processes and controls.
- ▶ **Counterparty & Concentration Risk Group:** Responsible for managing counterparty risk across the BlackRock Group. The Counterparty and Concentration Risk Group monitors and assesses counterparty exposures arising from a wide range of financial instruments.

20. Fees and other costs

20.1 Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au)** has a managed funds fee calculator to help you check out different fee options.

20.2 Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your Fund account, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of a Fund.		
Establishment fee. The fee to open your investment.	Nil for all Funds	Not applicable.
Contribution fee. The fee on each amount contributed to your investment.	If you are BUYING/SELLING ON EXCHANGE	These fees are only applicable to Authorised Participants, as only Authorised Participants are able to create/redeem Units. These fixed fees are payable at the time of creating/redeeming Units. Refer to the section of this PDS titled "Additional explanation of fees and costs" for details of the contribution/withdrawal fee charged by each Fund.
Withdrawal fee. The fee on each amount you take out of your investment.		
Exit fee. The fee to close your investment.	Nil for all Funds	Not applicable.
Management costs (estimated). The fees and costs for managing your investment.		
Management fees	0.00% to 0.50% p.a.	The management fee is calculated in relation to the NAV of a Fund on a daily basis. This cost is deducted from the assets of a Fund and is generally paid to us monthly in arrears. The deduction of management fees is reflected in each Fund's NAV price. Indirect costs are a reasonable estimate of certain costs incurred within a Fund (or Underlying Fund) that reduce returns. Indirect costs are reflected in each Fund's NAV price. Refer to the table at the end of the section titled "Additional explanation of fees and costs" for details of the management fee and indirect costs of each Fund.
Indirect costs (estimated) ¹	0.00% to 0.75% p.a.	
Total management costs (estimated)	0.04% to 0.75% p.a.	
Service fees.		
Switching fee. The fee for changing investment options.	Nil for all Funds	Not applicable.

All fees are in Australian dollars and, unless otherwise indicated, are inclusive of Goods and Services Tax (GST) and takes into account expected reduced input tax credits in respect of the GST component of the fee.

- Certain amounts or figures used to calculate indirect costs may include estimates in circumstances where actual figures could not be obtained.

Information in the fee table can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from your Fund account or deducted from investment returns.

Additional fees may be paid to a financial advisor as negotiated between you and your adviser – refer to the Statement of Advice which will be provided to you by your financial adviser which sets out the details of the fees.

20.3 Example of annual fees and costs for the Funds

The table below gives an example of how fees and costs in each Fund can affect your investment over a one-year period. You should use this table to compare these products with other managed investment products.

Please note the table is only an example of fees and costs you may incur. In practice, the actual investment balance of an investor will vary and the actual fees we charge are based on the value of the Fund in which you are invested, which also fluctuates. The amounts in the example assume a constant investment of \$50,000 throughout the year and do not take into account any additional contributions made during the year or certain other costs that may be incurred within a Fund. Management costs will also be charged in relation to additional contributions. Customary brokerage fees and commissions associated with buying Units of a Fund on a stock exchange are also not taken into account.

Example of annual fees and costs		
Balance of \$50,000 with a contribution of \$5,000 during year		
Contribution fees ¹	Nil for all Funds	For every additional \$5,000 you put in, you will be charged \$0.
PLUS		
Management Costs (estimated) ² : And, for every \$50,000 you have in a Fund you will be charged:		
iShares Asia 50 ETF	0.50%	\$250 each year
iShares China Large-Cap ETF	0.75%	\$375 each year
iShares Europe ETF	0.60%	\$300 each year
iShares Global 100 ETF	0.40%	\$200 each year
iShares Global Consumer Staples ETF	0.48%	\$240 each year
iShares Global Healthcare ETF	0.48%	\$240 each year
iShares MSCI EAFE ETF	0.32%	\$160 each year
iShares MSCI Emerging Markets ETF	0.71%	\$355 each year
iShares MSCI Japan ETF	0.50%	\$250 each year
iShares MSCI South Korea ETF	0.65%	\$325 each year
iShares MSCI Taiwan ETF	0.64%	\$320 each year
iShares S&P 500 ETF	0.04%	\$20 each year
iShares S&P Mid-Cap ETF	0.08%	\$40 each year
iShares S&P Small-Cap ETF	0.10%	\$50 each year
EQUALS		
Cost of Fund (estimated)	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year you would be charged fees of:	
iShares Asia 50 ETF	\$250 each year	
iShares China Large-Cap ETF	\$375 each year	
iShares Europe ETF	\$300 each year	
iShares Global 100 ETF	\$200 each year	
iShares Global Consumer Staples ETF	\$240 each year	
iShares Global Healthcare ETF	\$240 each year	
iShares MSCI EAFE ETF	\$160 each year	
iShares MSCI Emerging Markets ETF	\$355 each year	
iShares MSCI Japan ETF	\$250 each year	
iShares MSCI South Korea ETF	\$325 each year	
iShares MSCI Taiwan ETF	\$320 each year	
iShares S&P 500 ETF	\$20 each year	
iShares S&P Mid-Cap ETF	\$40 each year	
iShares S&P Small-Cap ETF	\$50 each year	
What it costs you will depend on whether you are an Authorised Participant and the fees you negotiate.		

1. Authorised Participants may incur a fixed contribution fee to create Units in a Fund. Authorised Participants may also incur transaction costs when creating units in a Fund by way of Non-Standard Creation Basket or cash only creation. These fees/costs are not applicable to investors buying on a stock exchange. Refer to the section of this PDS titled "Additional explanation of fees and costs" for further information.
2. Management costs include management fees and indirect costs (estimated).

20.4 Additional explanation of fees and other costs

Management costs

The management costs include:

► Management fees

Management fees are the fees for managing a Fund's investments. Management fees are not deducted directly from your Fund account. Instead, they are accrued daily within a Fund's NAV price and are deducted from the assets of a Fund. Management fees are generally paid to the Responsible Entity monthly in arrears.

Investment management services may be provided to the Responsible Entity by other members of the BlackRock Group, for which management fees are charged. Where such fees are paid for the provision of investment management services, they are payable by BlackRock and are not at an additional cost to you.

Where a Fund charges a management fee and invests in an Underlying Fund, the management fees of the Underlying Fund will be rebated.

Where a Fund does not charge a management fee, the fees for managing the Fund's investment will be accrued daily within the NAV price of the Underlying Fund in which the Fund invests. Such fees are required to be disclosed as indirect costs (see below for further information).

The management fee charged by each Fund is detailed in the table at the end of this section of the PDS.

► Expense recovery costs

We are entitled to be reimbursed for certain expenses in managing and administering the Funds. These expenses cover most of the out-of-pocket expenses the Responsible Entity is entitled to recover from each Fund including custody safekeeping fees, index licence fees and other investment related expenses. Unless we indicate otherwise, all Fund expenses, other than indirect costs and transaction costs (see below for further information) will be paid for by the Responsible Entity and no additional expenses will be recovered from a Fund.

Expense recovery costs are generally calculated with consideration to the actual costs incurred during the previous full financial year of a Fund. In the case of a new fund, like the Funds, expense recovery costs are disclosed as a reasonable estimate of any such costs we expect to be incurred over the next twelve months.

The Funds are not expected to incur any expense recovery costs.

Expense recovery costs are dependent upon a number of factors and therefore may change from year to year. Expense recovery costs for future periods may be higher or lower than the expense recovery costs currently disclosed.

► Abnormal costs:

Abnormal costs are expenses not generally incurred during the day-to-day operations of a Fund and are not necessarily incurred in any given year. They are due to abnormal events such as the cost of running a Unitholder meeting or legal costs incurred by changes to a Fund's constitution or defending legal proceedings. We will continue to seek reimbursement from each Fund in relation to these types of expenses should they arise.

Abnormal costs are generally calculated with consideration to the actual costs incurred during the previous full financial year of a Fund. In the case of a new fund, like the Funds, abnormal costs are disclosed as a reasonable estimate of any such costs we expect to be incurred over the next twelve months.

The Funds are not expected to incur any abnormal costs.

Abnormal costs are dependent upon a number of factors and therefore may change from year to year. Abnormal costs for future periods may be higher or lower than the abnormal costs currently disclosed.

► Indirect costs (estimated)

Indirect costs include any amount that we know, reasonably ought to know or, where this is not the case, may reasonably estimate, will reduce the return of a Fund. Indirect costs may be incurred directly by a Fund or, where applicable, indirectly through an Underlying Fund.

Indirect costs may include, but is not limited to:

- **Over the counter (OTC) derivative costs:** Where applicable, costs of investing in OTC derivatives, excluding such costs disclosed as transaction costs, see below for further information.
- **Securities lending agent fees:** Some Funds indirectly (through an Underlying Fund) participant in a securities lending programme. Refer to the section of this PDS titled "Securities lending" for further information. Where a Fund directly or indirectly participates in a securities lending program we are required to disclose any securities lending income retained by the securities lending agent(s) as an indirect cost. While participation in the securities lending program requires the payment of securities lending agent fees, all fees are paid for out of any generated securities lending income. If no securities lending income is generated, no securities lending agent fees will be payable.
- **Underlying Fund expenses:** Where a Fund invests in an Underlying Fund, certain costs may be incurred within the Underlying Fund. Such costs may include, but is not limited to, custodian and administrator fees, auditor fees, director fees, certain taxes and other professional expenses incurred by the Underlying Fund.

- **Underlying Fund management fees:** Where a Fund does not charge a management fee, the fees for managing the Fund's investment will be accrued daily within the NAV price of the Underlying Fund in which the Fund invests.

The management fee for each of the following Underlying Funds is calculated based on an AUM tiered fee structure, as shown in the following table, with reference to either:

- ▶ the Underlying Fund's aggregate average daily net asset; or
- ▶ the Underlying Fund's allocable portion of an aggregate management fee based on the average daily net assets of specific iShares ETFs managed by the Underlying Fund's investment advisor.

Underlying Fund	Management fee per annum on aggregate net assets (US\$ billion)
iShares China Large-Cap ETF	0.74% - less than/equal to \$6, plus 0.67% - over \$6 to \$9, plus 0.60% - over \$9 to \$12, plus 0.54% - over \$12
iShares Europe ETF ¹	0.60% - less than/equal to \$12, plus 0.57% - over \$12 to \$18, plus 0.5415% - over \$18 to \$24, plus 0.5145% - over \$24
iShares Global Consumer Staples ETF ² iShares Global Healthcare ETF ²	0.48% - less than/equal to \$10, plus 0.43% - over \$10 to \$20, plus 0.38% - over \$20
iShares MSCI EAFE ETF ³	0.35% - less than/equal to \$30, plus 0.32% - over \$30 to \$60, plus 0.28% - over \$60 to \$90, plus 0.252% - over \$90 to \$120, plus 0.227% - over \$120
iShares MSCI Emerging Markets ETF ⁴	0.75% - less than/equal to \$14 plus 0.68% - over \$14 to \$28, plus 0.61% - over \$28 to \$42, plus 0.54% - over \$42 to \$56, plus 0.47% - over \$56 to \$70, plus 0.41% - over \$70 to \$84, plus 0.35% - over \$84
iShares MSCI Japan ⁵	0.59% - less than/equal to \$7, plus 0.54% - over \$7 to \$11, plus 0.49% - over \$11 to \$24, plus 0.44% - over \$24 to \$48, plus 0.40% - over \$48 to \$72, plus 0.36% - over \$72 to \$96 plus 0.32% - over \$96
iShares MSCI South Korea ETF ⁶ iShare MSCI Taiwan ETF ⁶	0.74% - less than/equal to \$2, plus 0.69% - over \$2 to \$4, plus 0.64% - over \$4 to \$8, plus 0.57% - over \$8 to \$16, plus 0.51% - over \$16 to \$24, plus 0.48% - over \$24 to \$32, plus 0.45% - over \$32.0 billion

1. Calculated on the average daily net assets of iShares International Select Dividend ETF, iShares MSCI EAFE Small-Cap ETF and iShares Europe ETF.

2. Calculated on the average daily net assets of iShares Global Clean Energy ETF, iShares Global Consumer Discretionary ETF, iShares Global Consumer Staples ETF, iShares Global Energy ETF, iShares Global Financials ETF, iShares Global Healthcare ETF, iShares Global Industrials ETF, iShares Global Infrastructure ETF, iShares Global Materials ETF, iShares Global Tech ETF, iShares Global Telecom ETF, iShares Global Timber & Forestry ETF, iShares Global Utilities ETF, iShares North American Tech ETF, iShares North American Tech-Multimedia Networking ETF, iShares North American Tech-Software ETF and iShares PHLX Semiconductor ETF.

3. Calculated on the average daily net assets of iShares Edge MSCI Min Vol EAFE ETF, iShares Edge MSCI Min Vol Global ETF, iShares Human Rights ETF, iShares MSCI ACWI ETF, iShares MSCI ACWI ex US ETF and iShares MSCI EAFE ETF.

4. Calculated on the average daily net assets of iShares Edge MSCI Min Vol Emerging Markets ETF, iShares MSCI All Country Asia ex Japan ETF, iShares MSCI BRIC ETF, iShares MSCI Emerging Markets ETF and iShares MSCI Emerging Markets Small-Cap ETF.

5. Calculated on the average daily net assets of iShares MSCI Australia ETF, iShares MSCI Austria ETF, iShares MSCI Belgium ETF, iShares MSCI Canada ETF, iShares MSCI Eurozone ETF, iShares MSCI France ETF, iShares MSCI Germany ETF, iShares MSCI Hong Kong ETF, iShares MSCI Ireland ETF, iShares MSCI Italy ETF, iShares MSCI Japan ETF, iShares MSCI Japan Small-Cap ETF, iShares MSCI Malaysia ETF, iShares MSCI Mexico ETF, iShares MSCI Netherlands ETF, iShares MSCI New Zealand ETF, iShares MSCI Singapore ETF, iShares MSCI Spain ETF, iShares MSCI Sweden ETF, iShares MSCI Switzerland ETF and iShares MSCI United Kingdom ETF.

6. Calculated on the average daily net assets of iShares MSCI Brazil ETF, iShares MSCI Brazil Small-Cap ETF, iShares MSCI Chile ETF, iShares MSCI China ETF, iShares MSCI China Small-Cap ETF, iShares MSCI Indonesia ETF, iShares MSCI Israel ETF, iShares MSCI Peru ETF, iShares MSCI Philippines ETF, iShares MSCI Poland ETF, iShares MSCI Qatar ETF, iShares MSCI Russia ETF, iShares MSCI South Africa ETF, iShares MSCI South Korea ETF, iShares MSCI Taiwan ETF, iShares MSCI Thailand ETF, iShares MSCI Turkey ETF and iShares MSCI UAE ETF.

Indirect costs exclude certain transaction costs (see below for further information).

Indirect costs reduce the investment return of a Fund (or where applicable Underlying Fund). Indirect costs are reflected in each Fund's NAV Price and are not charged separately to an investor.

Indirect costs are generally calculated with consideration to the previous full financial year of a Fund. In the case of a new fund, like the Funds, indirect costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months. Certain amounts or figures used to calculate indirect costs may include estimates in circumstances where actual figures could not be obtained.

The indirect costs incurred by each Fund is detailed in the table at the end of this section of the PDS.

Indirect costs are dependent upon a number of factors and therefore may change from year to year. Indirect costs for future periods may be higher or lower than the indirect costs currently disclosed.

Contribution/withdrawal fee for Authorised Participants

A contribution/withdrawal fee of \$14 may be payable by an Authorised Participant with every creation/redemption of Units.

This fee is only applicable to Authorised Participants, as only Authorised Participants are able to create/redeem Units.

This fee represents the estimated custody and administration costs associated with the purchase or sale of securities following a creation or redemption of Units by an Authorised Participant. The same fee may be applied to both Unit creations and redemptions and is a separate flat dollar fee regardless of the size of the transaction.

The contribution/withdrawal fee is payable by the Authorised Participant to a Fund and is not paid to BlackRock. In the case of a creation of Units the contribution fee is payable in addition to the issue price and in the case of a redemption of Units the withdrawal fee will be deducted from the redemption proceeds.

Transaction costs (estimated)

Transaction costs include, but are not limited to:

- ▶ explicit transaction costs, such as brokerage, settlement costs, clearing costs (including custody movement charges), stamp duty and, where applicable, buy-sell spreads applied to transactions in underlying funds;
- ▶ implicit transaction costs, the cost of a bid-ask spread applied to security transactions; and
- ▶ where applicable, OTC derivative transaction costs, the costs of investing in OTC derivatives, excluding such costs disclosed as indirect costs.

Transaction costs may be incurred when Authorised Participants create or redeem Units in a Fund or when transacting to manage a Fund's investment strategy.

Transaction costs incurred when an Authorised Participant creates or redeems Units may be recovered through the contribution or withdrawal fee. Additionally, where an Authorised Participant creates/redeems by Non-Standard Creation/Redemption Basket or cash only creation/redemption (**Non-Standard Transactions**), actual brokerage incurred (and GST payable, after taking into account expected reduced input tax credits) in acquiring or realising securities (as applicable) may be charged to the transacting Authorised Participant.

Transaction costs that are not recovered (the "net transaction costs" in the table at the end of this section of the PDS) reduce the investment return of a Fund. Net transaction costs are reflected in each Fund's NAV Price and are not charged separately to the investor.

Transaction costs are generally calculated with consideration to the previous full financial year of a fund. In the case of a new fund, like the Funds, transaction costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months. Certain amounts or figures used to calculate transaction costs may include estimates in circumstances where actual figures could not be obtained.

The transaction costs incurred by each Fund is detailed in the table at the end of this section of the PDS.

Transaction costs are dependent upon a number of factors and therefore may change from year to year. Transaction costs for future periods may be higher or lower than the transaction costs currently disclosed.

Can the fees change?

All fees can change. They may vary over time as a result of changes to a Fund, changing economic conditions and changes in regulations, and may change without Unitholder consent.

We will provide investors 30 days prior notice of any proposed increase to our fees. Under special circumstances, we may elect to vary the frequency of our fee collection.

The current fees applicable to your investment are set out in this PDS and although we have the power to change our fee structure without your consent, we have no present intention to do so.

Ongoing service commission

No commission is currently payable by us to advisers in relation to each Fund.

Stockbroker fees for ASX investors

Investors buying and selling Units on the ASX will incur customary brokerage fees and commissions. These fees and charges should be discussed with your stockbroker prior to investing.

Alternative forms of remuneration

We may provide alternative forms of remuneration, which include professional development, sponsorship and entertainment to licensed financial advisers, dealer groups and master trust or IDPS operators. Where such benefits are provided, they are payable by BlackRock and are not an additional cost to you.

We maintain a public register of alternative forms of remuneration in accordance with FSC/FPA Industry Code of Practice on Alternative Forms of Remuneration. Please contact BlackRock if you wish to inspect this register (refer to page 4 of this PDS for contact details).

BlackRock will only make these payments to the extent that they are permitted by law.

Fee for wholesale investors

We may individually negotiate fees with investors classed as "wholesale clients", as defined by the Corporations Act. We may also negotiate special arrangements concerning fees (including fee reductions or waivers) with other investors in certain circumstances determined by us, as permitted by law. Please contact us for further details.

Fund name	Management fee	Indirect costs (estimated)		Total management costs (estimated)	Transaction Costs (estimated)		
		Underlying Fund management fees	Other indirect costs ⁴		Total transaction costs	Transaction cost recovery	Net transaction cost
iShares Asia 50 ETF	0.50%	0.00% ¹	0.00%	0.50%	0.06% p.a.	0.00% p.a.	0.06% p.a.
iShares China Large-Cap ETF	0.00% ²	0.74% ³	0.01%	0.75%	0.03% p.a.	0.00% p.a.	0.03% p.a.
iShares Europe ETF	0.00% ²	0.60% ³	0.00%	0.60%	0.01% p.a.	0.01% p.a.	0.00% p.a.
iShares Global 100 ETF	0.40%	0.00% ¹	0.00%	0.40%	0.03% p.a.	0.00% p.a.	0.03% p.a.
iShares Global Consumer Staples ETF	0.00% ²	0.48% ³	0.00%	0.48%	0.00% p.a.	0.00% p.a.	0.00% p.a.
iShares Global Healthcare ETF	0.00% ²	0.48% ³	0.00%	0.48%	0.00% p.a.	0.00% p.a.	0.00% p.a.
iShares MSCI EAFE ETF	0.00% ²	0.32% ³	0.00%	0.32%	0.00% p.a.	0.00% p.a.	0.00% p.a.
iShares MSCI Emerging Markets ETF	0.00% ²	0.69% ³	0.02%	0.71%	0.11% p.a.	0.01% p.a.	0.10% p.a.
iShares MSCI Japan ETF	0.00% ²	0.49% ³	0.01%	0.50%	0.00% p.a.	0.00% p.a.	0.00% p.a.
iShares MSCI South Korea ETF	0.00% ²	0.62% ³	0.03%	0.65%	0.15% p.a.	0.00% p.a.	0.15% p.a.
iShares MSCI Taiwan ETF	0.00% ²	0.62% ³	0.02%	0.64%	0.25% p.a.	0.00% p.a.	0.25% p.a.
iShares S&P 500 ETF	0.04%	0.00% ¹	0.00%	0.04%	0.00% p.a.	0.00% p.a.	0.00% p.a.
iShares S&P Mid-Cap ETF	0.07%	0.00% ¹	0.01%	0.08%	0.00% p.a.	0.00% p.a.	0.00% p.a.
iShares S&P Small-Cap ETF	0.07%	0.00% ¹	0.03%	0.10%	0.00% p.a.	0.00% p.a.	0.00% p.a.

Fees and costs disclosed as a percentage of a Fund's reasonably estimated average AUM for the following 12-month period.

1. Management fees of Underlying Fund rebated.
2. Fees for managing the Fund's investment accrued daily within the NAV price of the Underlying Fund in which the Fund invests.
3. Estimated annualised Underlying Fund management fee, as disclosed in the Underlying Fund's current prospectus.
4. Estimated indirect costs generally include Underlying Fund expenses and securities lending agent fees.
5. Net transaction costs equal total transaction costs minus transaction cost recovery.
6. Total management costs (estimated) equal management fee plus indirect costs (estimated)

21. Primary market matters

21.1 Authorised participants

Excluding the creation of Units applicable to the Reorganisation, requests for the creation or redemption of Units in each Fund may only be submitted by Authorised Participants.

Before we can process an initial Unit creation request, Authorised Participants are required to provide us with a signed AP Agreement. Authorised Participants are required to comply with any additional requirements as set out in the AP Agreement.

As part of the initial Unit creation process, Authorised Participants will be provided with a copy of the Operating Procedures. Authorised Participants should read the Operating Procedures before making an investment decision. The Operating Procedures contain the following important information, which is only relevant to Authorised Participants:

- ▶ the deadline by which BlackRock must receive Unit creation or redemption requests (**Cut-off Time**);
- ▶ details of the business days each Fund is open for Unit creation and redemption requests (**Business Days**);
- ▶ settlement timeframes for Unit creation and redemption requests;
- ▶ minimum Unit creation and redemption sizes; and
- ▶ after an Authorised Participant's initial investment in a Fund, details on how subsequent Unit creation and redemption requests can be made.

The Operating Procedures may be updated at any time. Should the Operating Procedures be updated we will notify all Authorised Participants of the update and will make available a copy of the updated document. Authorised Participants may also request a copy of the current Operating Procedures by contacting the iShares Australia Capital Markets Desk (refer to page 4 of this PDS for contact details).

21.2 Minimum Unit creation and redemption size and minimum holding amounts

Excluding the creation of Units applicable to the Reorganisation or in respect of a distribution reinvestment, Units may only be created or redeemed with consideration to the minimum Unit creation or redemption size of a Fund, as specified in the Operating Procedures. Additionally, Authorised Participants will only be permitted create or redeem Units that have been aggregated into blocks of one Creation Unit or one Redemption Unit or multiples thereof.

Other investors looking to acquire or dispose of Units in a Fund may do so on exchange, through their stockbroker. We do not currently set any restrictions on secondary market transactions, such transactions, however, may be subject to minimum transaction amounts, as required by the exchange and/or your stockbroker.

In accordance with each Fund's constitution, we may set a minimum holding amount in respect of each Fund. Currently no minimum holding amount has been set, meaning unitholders can hold as little as one Unit in a Fund. Should we choose to set a minimum holding amount in respect of a Fund, in accordance with the provisions of each Fund's constitution, we may choose to redeem a unitholder's holding where the holding is below the stated minimum holding amount, without the need for a unitholder redemption request.

We may choose to alter the minimum unit creation and redemption sizes and minimum unit holding amounts in respect of a Fund from time to time. Unitholders will be notified of any such changes in accordance with the requirements of the Corporations Act and the relevant Fund's constitution.

21.3 Unit creation requests

To make an initial investment in a Fund, Authorised Participants may, subject to the minimum unit creation size, request the creation of Units on any Business Day by:

- ▶ completing the Fund's Application Form accompanying this PDS and returning it to us by mail or facsimile (using the contact information as shown on the Application Form) or by complying with such other Unit creation request method that the Responsible Entity may determine from time to time;
- ▶ returning the Unit creation request to us by the required Cut-off Time; and
- ▶ transferring to the Fund in which the Authorised Participant wishes to create Units:
 - a Creation Basket with, if applicable, a cash amount representing any residual cash amount;
 - if approved by us, a Non-Standard Creation Basket, with cash in lieu of omitted securities and, if applicable, a cash amount representing any residual cash; or
 - if approved by us, cash, for a cash only Unit creation, or

Refer to the Operating Procedures for details of each Fund's Business Day, minimum Unit creation size and Cut-off Time.

In return, we will issue the Authorised Participant with the required number of Units of the applicable Fund, the transfer of which will be made through CHESSE.

A contribution fee may be payable by Authorised Participants in relation to Unit creation requests. Refer to the section of this PDS titled "Fees and other costs" for further information.

Refer to the section of this PDS titled "Non-Standard Transaction requests" for further information on Non-Standard Creation Basket and cash only Unit creation requests.

The use of facsimile instructions is subject to the terms and conditions set out in the section of this PDS titled "Receipt of instructions".

Authorised Participants may also need to complete an Investor Identification Form for the purposes of Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML Legislation**).

Additional investments can be made at any time in writing (including via facsimile), via iShares Online or by complying with such other Unit creation request method that the Responsible Entity may determine from time to time. Authorised Participants who have agreed to submit Unit creation requests using iShares Online may do so in accordance with the iShares Online Terms and Conditions. We will provide a copy of the iShares Online Terms and Conditions to Authorised Participants.

Additional investments are made on the basis of a current PDS. A copy of the current PDS for the Funds and any information updating it is available free of charge upon request by contacting the iShares Call Centre (refer to page 4 of this PDS for contact details).

Units issued pursuant to a Unit creation request will be quoted under the AQUA Rules on the ASX with effect from the settlement of the issue of the relevant Units through CHESS. On a monthly basis, we will announce to the ASX via the ASX Markets Announcements Platform each Fund's total Units on issue. As the settlement of the issue of the relevant Units will be made through CHESS, we will not be required to hold application money prior to the issue of the Units.

Other investors looking to acquire Units in each Fund may buy Units on the ASX.

21.4 Unit redemption requests

An Authorised Participant may, subject to the minimum unit redemption size, request the redemption of Units on any Business Day by:

- ▶ providing to us a Unit redemption request in writing, to be sent by mail or facsimile (using the iShares Australia Capital Markets Desk contact information as shown on page 3 of this PDS), via iShares Online or by complying with such other Unit redemption request method that the Responsible Entity may determine from time to time. Authorised Participants who have agreed to submit Unit redemption requests using iShares Online may do so in accordance with the iShares Online Terms and Conditions. We will provide a copy of the iShares Online Terms and Conditions to Authorised Participants;
- ▶ returning the Unit redemption request to us by the required Cut-off Time; and
- ▶ transferring to the Fund in which the Authorised Participant wishes to redeem Units, the relevant number of Units through CHESS.

In return, the Fund in which the Authorised Participant wishes to redeem Units will transfer to the Authorised Participant:

- ▶ a Redemption Basket with, if applicable, a cash amount representing any residual cash amount;
- ▶ if approved by us, a Non-Standard Redemption Basket, with cash in lieu of omitted securities and, if applicable, a cash amount representing any residual cash; or
- ▶ if approved by us, cash, for a cash only Unit redemption.

Refer to the Operating Procedures for details of each Fund's Business Day, minimum Unit redemption size and Cut-off Time.

A withdrawal fee may be payable by Authorised Participants in relation to Unit redemption requests. Refer to the section of this PDS titled "Fees and other costs" for further information.

Refer to the section of the PDS titled "Non-Standard Transaction requests" for further information on Non-Standard Redemption Basket and cash only Unit redemption requests.

In certain circumstances we may be required or permitted by a Fund's constitution to deduct other amounts (e.g. withholding tax) from redemption proceeds that would otherwise be payable to a Unitholder, refer to the section of this PDS titled "Distribution on redemption" for further information.

Other investors looking to dispose of Units in a Fund may sell Units on the ASX. Refer to the section of this PDS titled "Redemption rights of non-Authorised Participant Unitholders" for further information on the redemption rights of non-Authorised Participants.

The redemption procedures described above assume that each Fund remains liquid (as defined in the Corporations Act). We

expect that each Fund will remain liquid. If a Fund becomes illiquid, withdrawals may only be made in accordance with the Corporations Act. We will advise Unitholders if a Fund becomes illiquid and the terms of any withdrawal offer.

21.5 Processing of Unit creations and redemptions

Generally, Unit creation or redemption requests are processed each Business Day. Unit creation or redemption requests received after the required Cut-off Time or on a non-Business Day will generally be treated as having been received the following Business Day.

Refer to the section of this PDS titled "Calculation of NAV Prices" for information regarding the calculation of NAV Prices used for Unit creations and redemptions.

In addition to the Unit creation and redemption request requirements set out in this PDS, Authorised Participants are also required to comply with other process requirements and deadlines associated with Unit creation and redemption requests, as described in the Operating Procedures.

Standard settlement timeframes of Unit creation and redemption requests are set out in the Operating Procedures. Settlement, however, may be on a non-standard basis, to accommodate the holiday schedules of any non-Australian market in which the securities of a Fund are traded. For every occurrence of one or more intervening holiday in the applicable non-Australian market that are not holidays observed in Australia, the settlement cycle may be extended by the number of such intervening holidays. In addition to holidays, other unforeseeable closings in non-Australian markets, for example due to emergencies, may also prevent a Fund from settling Unit creation and redemption requests within the standard settlement timeframe.

Please note that in certain circumstances we may be entitled to suspend or postpone Unit creation and redemption requests. This will generally occur before or after the end of a Fund distribution period, but may also occur if trading or settlement on the ASX or other non-Australian market in which the securities of a Fund are traded is closed, suspended or restricted. There may be other circumstances where we need to suspend or postpone Unit creation and redemption requests, such as where a Fund cannot properly ascertain the value of an asset or an event occurs that results in us not being able to reasonably acquire or dispose of assets held by a Fund. Any Unit creation or redemption request received during a period of suspension will be processed on the next available Business Day after the suspension has ended.

Refer to the Operating Procedures for details of each Fund's Business Day and Cut-off Time.

21.6 Calculation of NAV Prices

When you invest in a Fund, you are allocated a number of Units in that Fund. Each of these Units represents an equal interest in the net assets of the Fund. As a result, each Unit has a value or “unit price”, also referred to as the NAV Price. The NAV Price is based on the NAV of a Fund divided by the number of Units on issue in that Fund.

The NAV and NAV Price are generally calculated as at the close of trading on each Business Day, usually one Business Day in arrears. The NAV is determined by deducting the liabilities of a Fund from the assets of that Fund. Assets and liabilities of each Fund are generally valued at their market value in accordance with each Fund’s constitution.

Unit creation and redemption requests received before the required Cut-off Time on a Business Day will generally be processed at the NAV Price calculated as at the close of trading on that Business Day.

We have the discretion, however, to price a Fund more or less frequently when unusual circumstances prevail (for example, where there has been unusual volatility in the market) in order to protect the interests of all Unitholders in that Fund. BlackRock has a formal “Unit Pricing Discretions Policy”, which is available free of charge upon request by contacting BlackRock (refer to page 4 of this PDS for contact details).

Details of each Fund’s daily NAV and NAV Price, as at the close of the previous Business Day, are available from our website at www.blackrock.com.au/ishares.

Refer to the Operating Procedures for details of each Fund’s Business Day and Cut-off Time.

21.7 Non-Standard Transaction requests

Authorised Participants may request the creation or redemption of Units on any Business Day by way of Non-Standard Creation Basket, Non-Standard Redemption Basket or cash only creation/redemption (**Non-Standard Transactions**).

Authorised Participants are responsible for notifying us of any Non-Standard Transaction request before the required Cut-off Time. Authorised Participants are, however, advised to notify us of any such requests as soon as possible.

We must approve any Non-Standard Transaction request before you take any action to transfer to us the securities forming a Non-Standard Creation Basket, cash or Units of a Fund (as applicable).

Non-Standard Creation Basket and Non-Standard Redemption Basket requests will require the Authorised Participant or the Fund (as applicable) to deliver additional cash in lieu of the omitted securities. Cash only Unit creation/redemption requests will require the Authorised Participant or the Fund (as applicable) to deliver cash in lieu of a Creation/Redemption Basket (as applicable).

Where an Authorised Participant submits a Non-Standard Transaction Unit creation request and the actual cost to the applicable Fund of acquiring the securities required to complete a Creation Basket differs from the value of those securities as at the relevant valuation time, the Authorised Participant will:

- ▶ where the actual cost to the applicable Fund of acquiring the securities is less than the value of those securities at the relevant valuation time, receive an amount from the applicable Fund equal to the difference; and
- ▶ where the actual cost to the applicable Fund of acquiring the securities is more than the value of those securities at the relevant valuation time, be required to pay an amount to the applicable Fund equal to the difference.

Where an Authorised Participant submits a Non-Standard Transaction Unit redemption request and the actual proceeds received by the applicable Fund for disposing of the relevant securities of a Redemption Basket to meet the Non-Standard Transaction Unit redemption request differ from the value of those securities as at the relevant valuation time, the Authorised Participant will:

- ▶ where the actual proceeds received by the applicable Fund for disposing of the securities is more than the value of those securities at the relevant valuation time, receive an amount from the applicable Fund equal to the difference; and
- ▶ where the actual proceeds received by the applicable Fund for disposing of the securities is less than the value of those securities at the relevant valuation time, be required to pay an amount to the applicable Fund equal to the difference.

In determining the actual cost and actual proceeds of acquiring and disposing of securities (as applicable), the actual brokerage incurred (and GST payable, after taking into account expected reduced input tax credits) is also taken into account.

Refer to the Operating Procedures for further details of each Fund’s Business Day and Cut-off Time.

21.8 Indemnity

Authorised Participants acknowledge that, upon receipt of a Unit creation request, BlackRock may enter into transactions for a Fund, in anticipation of cash being received from the Authorised Participant. Authorised Participants agree to indemnify BlackRock against any losses and expenses incurred by us if cash is not received as cleared money by the applicable Fund in the normal course.

21.9 Redemption rights of non-Authorised Participant Unitholders

Generally, only Authorised Participants are eligible to transact directly with a Fund, with all other investors acquiring and disposing of Units in a Fund through their broker by buying and selling Units on the ASX.

However, in accordance with the requirements of ASIC Class Order CO [13/721], when Units of a Fund are suspended from trading on ASX for more than five consecutive trading days, non-Authorised Participant Unitholders will have a right to redeem Units directly with a Fund and receive the cash proceeds from the redemption within a reasonable period time unless:

- ▶ a Fund is being wound up;
- ▶ a Fund is not liquid for the purpose of the Corporations Act; or
- ▶ BlackRock, as responsible entity for a Fund, has suspended the redemption of Units in accordance with the provisions of the Fund's constitution.

In the event that this direct redemption right is triggered BlackRock will post further information on its website at www.blackrock.com.au/ishares at that time. This will include a non-Authorised Participant Redemption Form for Unitholders to complete, together with instructions on how to complete and submit the form and anticipated processing and payment timeframes. Non-Authorised Participant Unitholders may request to redeem in these circumstances by completing and returning the form as per these instructions.

21.10 Anti-money laundering and counter-terrorism financing

We are required to comply with the AML Legislation. The AML Legislation requires us to (amongst other requirements) verify the identity of investors making applications into funds offered by us.

We cannot accept a Unit creation request until satisfied that the identity of the Authorised Participant has been verified in accordance with the AML Legislation. The processing of a Unit creation request may be delayed until the requested information is received in a satisfactory form and the identity of the Authorised Participant is verified.

By completing the Fund's Application Form requested by BlackRock during the application process or by complying with such other Unit creation request method that the Responsible Entity may determine from time to time, Authorised Participants agree that:

- ▶ they do not make a Unit creation request under an assumed name;
- ▶ any money used to invest in a Fund is not derived from or related to any criminal activities;
- ▶ any proceeds of an investment in a Fund will not be used in relation to any criminal activities;
- ▶ upon request, the Authorised Participant will provide to us any additional information we reasonably require for the purpose of the AML Legislation; and
- ▶ we may obtain information about an Authorised Participant from third parties if we believe this is necessary to comply with the AML Legislation.

In order to comply with the AML Legislation, BlackRock may be required to take action, including:

- ▶ delaying or refusing the processing of a Unit creation or redemption request; or
- ▶ disclosing information that we hold about an Authorised Participant to our related bodies corporate or relevant regulators of the AML Legislation; or
- ▶ request from an Authorised Participant additional identification or verification documentation to verify the Authorised Participant's identity or comply with the AML Legislation. Where documentation provided is not in English, an English translation must be provided by a translator who is accredited by the National Accreditation Authority for Translators and Interpreters Ltd at the level of Professional Translator or above.

Investor identification requirements

To comply with the requirements of the AML Legislation, BlackRock may require an Authorised Participant to complete an Investor Identification Form. In order to establish your identity, BlackRock may require an Authorised Participant to submit supporting identification/verification documentation. Where such identification/verification documentation is required, an originally certified copy must be provided.

Appointed representatives

BlackRock is required to verify the identity of legal representatives and agents appointed to act on behalf of an Authorised Participant. We cannot proceed to act on the instructions of a nominated legal representative or agent until we verify the identity of that representative or agent.

Appointed legal representatives include, but are not limited to, executors of estates, attorneys (appointed under power of attorney) and nominated representatives.

22. Distributions

22.1 Receipt of income

Any income you receive from your investments will be in the form of distributions. Your distribution may include interest, dividends, coupons, other income and realised gains.

If you hold Units in a Fund as at the close of business on the last day of that Fund's distribution period, you are entitled to participate in the distributable income of that Fund. The Funds generally make distributions as follows, however, the Funds may distribute on such other day as determined by BlackRock.

Fund	Distribution frequency
iShares S&P 500 ETF iShares S&P Mid-Cap ETF iShares S&P Small-Cap ETF	Quarterly, with distributions being determined as at the end of March, June, September and December each year
iShares Asia ETF iShares China Large-Cap ETF iShares Europe ETF iShares Global 100 ETF iShares Global Consumer Staples ETF iShares Global Healthcare ETF iShares MSCI EAFE ETF iShares MSCI Emerging Markets ETF iShares MSCI Japan ETF	Semi-annually, with distributions being determined as at the end of June and December each year.
iShares MSCI South Korea ETF iShares MSCI Taiwan ETF	Annually, with distributions being determined as at the end of June each year.

Distributions (if any) may vary over time depending on a Fund's realised losses, gains (if any), income and expenses in a particular period. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. There may be periods in which no distributions are made.

Following the determination of a distribution, the NAV Price of a Fund will fall to reflect the reduced value of that Fund following the payment of the distribution to Unitholders. In other words, it is priced to exclude the distribution entitlement.

Distributions will be paid to the Registrar for payment to Unitholders and until the payment is made will be held by the Registrar in a bank account. Payment of distributions will generally be made by direct credit into a nominated Australian bank account. Unitholders will receive a payment advice detailing the components of any distribution paid by a Fund.

If applicable, distribution of Australian sourced income to non-resident Unitholders may be subject to withholding tax.

Information in relation to the distributions of each Fund will be disclosed to the ASX via the ASX Market Announcements Platform and made available on our website at www.blackrock.com.au/ishares.

22.2 Distribution reinvestment plan

A Distribution Reinvestment Plan (DRP) is available to eligible Unitholders so that income distributions are automatically reinvested as additional Units in the Fund that issued the distribution. Partial and full reinvestment of distributions is available.

Unless you elect to participate in the DRP, distributions will be automatically paid in cash. Unitholders can participate in the DRP by registering directly with the Registrar. Refer to the section of this PDS titled "Registrar" for further information on the Registrar.

Participation in the DRP is subject to the terms outlined in the DRP Rules, which are available on our website at www.blackrock.com.au/ishares.

22.3 Distribution on redemption

Proceeds resulting from Authorised Participant Unit redemption requests may include a distribution of gains and/or income in a Fund. Where this is the case and once the relevant information is available, we will notify redeeming Authorised Participants of the estimated amount of distribution included in the redemption proceeds. Refer to the section of this PDS titled "Authorised Participant Unit redemption requests" for further information.

For non-resident Authorised Participants, the Manager may withhold an amount of tax applicable to such Authorised Participant's distribution. This will reduce the redemption proceeds payable or paid to the Authorised Participant.

22.4 Tax statement

Unitholders entitled to income in a Fund will receive an annual tax statement outlining their entitlements and the composition of taxable income in that Fund. We will issue this as soon as practicable after the end of the income year.

23. Taxation

23.1 Overview

The Australian tax commentary below is provided for Unitholders and assumes that Unitholders will be either:

- ▶ Authorised Participants, who will acquire and dispose of Units by creating and redeeming Units directly with a Fund or by buying and selling Units on ASX; or
- ▶ non-Authorised Participants Unitholders, who will acquire and dispose of Units by buying and selling Units on ASX.

It is assumed that Authorised Participants hold their Units in a Fund as trading stock as part of a securities trading business, and that all other investors hold their Units on capital account. This commentary does not address Unitholders who are temporary residents for tax purposes.

Investing and dealing with investments often has tax implications which can be complex and which are invariably particular to each Unitholder's circumstances. It is important that Unitholders seek professional advice before making an investment decision.

The taxation information contained in this document reflects the income tax legislation in force, and the interpretation of the Australian Taxation Office and the courts, as at the date of issue of this document. Taxation laws are subject to continual change and there are reviews in progress that may affect the taxation of trusts and Unitholders.

23.2 Taxation of a Fund

The Responsible Entity intends to manage the Funds such that the Funds are not subject to Australian tax. Recent changes in the tax law (refer to the section of this document titled "Taxation reform" for further information) have introduced a new elective taxation regime that is available to certain eligible management investment trusts, known as "Attribution Managed Investment Trusts" (AMITs). The AMIT regime is generally available from 1 July 2016, with the existing tax rules for managed funds applying unless an election to enter the regime is made.

As at the date of this document, the Responsible Entity intends to make an irrevocable election for all eligible funds to enter the AMIT regime from the 1 July 2017 to 30 June 2018 year, on the basis that entry into the AMIT regime is in the best interest of unitholders.

The Responsible Entity does not expect the Funds to be subject to tax on the income of the Funds (other than in relation to withholding tax or other tax payable in respect of non-resident Unitholders) as it is intended that:

- ▶ for eligible funds that enter the AMIT regime: all taxable income will be 'attributed' to the unitholders in each financial year; and
- ▶ for funds that do not enter the AMIT regime: unitholders will continue to be presently entitled to all the income of a Fund in each financial year, with the existing tax rules for managed funds continuing to apply.

Under the AMIT regime, the Responsible Entity intends to allocate income to unitholders in the same overall manner as previously under the tax rules for managed funds.

23.3 Investment portfolio taxes

A Fund may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. A Fund may not be able to recover such taxes and any unrecovered taxes could have an adverse effect on the NAV of that Fund. Where a Fund invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future, as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof.

23.4 US tax documentation

The Responsible Entity will ensure that the relevant US tax documentation is completed in order to claim US treaty benefits (W-8 BEN-E forms), where the Fund is eligible. Unitholders, as investors in the Australian Fund, will not be requested to complete US tax documentation (W8-BEN forms).

23.5 Taxation of a resident Unitholder

You will be assessed on your share of the taxable income of the Fund in which you are invested to which you have been attributed or which you are presently entitled, regardless of whether you receive the distribution in cash or it is reinvested. You will be assessed in the year to which your entitlement relates.

For example, an income distribution for the period ending 30 June 2017 is included in the assessable income for 2016/2017, even if the cash is received in July 2017.

If you are not an Authorised Participant who holds Units as trading stock, you may have to pay tax on all or part of your capital gain (the increase in the value of your investment) when you dispose of your Units. If you hold Units as trading stock and you redeem or otherwise dispose of Units, you may need to include any profit as part of your assessable income for tax purposes.

23.6 Taxable income of a Fund

The taxable income to which you are entitled may include various amounts, as described below. If a Fund incurs a net loss for a year, the loss cannot be distributed but may be carried forward and utilised in subsequent years subject to satisfaction of various tests.

Types of income

Depending on the types of investments made, a Fund can derive income in the form of dividends, interest, gains on the disposal of investments and other types of income.

Generally, such income derived by a Fund is taxable, but tax credits (e.g. franking credits and foreign income tax offsets) may be available to Unitholders to offset part or all of any resulting tax liability.

Capital gains tax (CGT)

In broad terms, under the CGT provisions, net capital gains arising on the disposal of a Fund's investments will be included in that Fund's taxable income.

A Fund will generally calculate taxable capital gains based on half the nominal gain made on the disposal of an asset, if that asset was held for 12 months or more. Capital gains distributed may include some gains where eligible Unitholders are able to claim concessional CGT treatment.

Capital/revenue (MIT) election for Managed Investment Trusts

Trusts which are managed investment trusts (**MITs**) (which include Australian managed investment schemes that are widely held or that are taken to be widely held and that satisfy certain closely held restrictions) may be eligible to make the MIT election to apply the CGT provisions to tax gains and losses from certain eligible assets (shares, units and real property interests). Where a MIT is eligible to make an election and it does not do so, any gains and losses on the disposal of those eligible assets (excluding land or interests in land) will be taxed on the revenue account. When a Fund qualifies to make a MIT election, certain investors may obtain the benefit of the CGT discount and other tax concessions on distributions of capital gains.

Non-resident Unitholders will generally not be subject to withholding tax on capital gains made by managed investment funds which are 'fixed trusts' for tax purposes, unless those gains relate to certain direct or indirect interests in Australian real property.

Taxation of financial arrangements

Financial arrangements directly held by a Fund (for example debt securities) may be subject to the Taxation of Financial Arrangements rules (**TOFA**). Under the TOFA rules, gains and losses on financial arrangements are generally assessed for tax purposes on an accruals basis (where the gains/losses are sufficiently certain) or realisation basis; unless a specific TOFA elective methodology is adopted.

23.7 Taxation of non-resident Unitholders

If a non-resident Unitholder is entitled to or attributed taxable income of a Fund, the Unitholder may be subject to Australian withholding tax. Distributions to you of amounts attributed to Australian franked dividends will not be subject to withholding tax. Any distribution of unfranked dividends, interest or amounts in the nature of interest, however, may be subject to withholding tax. This is irrespective of whether distributions are paid in cash or reinvested as additional units.

You may have to pay tax on all or part of your capital gain (reflecting the increase in the value of your investment) when your Units are disposed of. Non-resident Unitholders may also not be eligible to utilise the CGT discount on capital gains. We recommend that you seek professional advice and visit the Australian Taxation Office website (www.ato.gov.au) for further information. In addition, the distributable income of a Fund may include non-assessable amounts. Receipt of certain non-assessable amounts may have capital gains tax consequences.

23.8 Tax file number (TFN), exemption and Australian business number (ABN)

Australian Unitholders may quote their Tax File Number (**TFN**) to us or claim an exemption at any time. However, you are not obliged to quote your TFN or claim an exemption. Strict guidelines govern the use and storage of TFNs. If you do not quote your TFN or claim an exemption, then your income distributions will have tax withheld at the top marginal rate plus Medicare levy. Some investors that invest in a Fund in the course of carrying on an enterprise of investing may also be entitled to quote their Australian Business Number as an alternative to their TFN.

23.9 Goods and services tax (GST)

The creation and redemption of Units are not subject to GST. Fees incurred (e.g. management fees) will attract GST at the prevailing rate. Where under the GST legislation a Fund is entitled to credits for GST paid to another entity, the cost of paying GST from that Fund will be reduced proportionately.

23.10 Taxation reform

The Australian government has enacted legislation introducing a new regime for taxing managed funds, the AMIT rules. Eligible funds will be able to elect into the regime, which is available from the 2016-2017 income year. The AMIT rules include a new attribution method that provides a formal mechanism to allocate taxable income to unitholders that is not dependent on the amount of income distributed. As at the date of this document, for all eligible funds, the Responsible Entity will elect to enter into the AMIT regime from the 1 July 2017 to 30 June 2018 year.

Reforms to the taxation of managed funds are generally ongoing and investors should seek their own advice and monitor the progress of such legislative changes.

23.11 Authorised Participant Unit redemption requests

This section contains general comments for Authorised Participants requesting the redemption of Units. As the taxation implications are specific to each investor, we strongly recommend that Authorised Participants seek their own independent professional taxation advice.

Redemptions

Authorised Participants who request the redemption of Units will be entitled to receive a withdrawal amount, which may include a distribution of income from the Fund from which the Authorised Participant is redeeming.

The distribution of income from a Fund may include an entitlement to gains and/or income realised by the disposal of securities as a result of the redemption. The distribution may also include income earned and gains realised by a Fund to the date of redemption.

For non-resident Authorised Participants, the Manager may withhold an amount of tax applicable to such Authorised Participant's distribution. This will reduce the redemption proceeds payable or paid to the Authorised Participant.

Authorised Participants redeeming Units should be assessed on any profits arising on the redemption, or may be entitled to a deduction for any loss arising from the redemption of Units.

23.12 Acquisition and disposal of Units on ASX

This section contains general comments for non-Authorised Participant Unitholders, who will buy and sell Units on ASX and who hold these Units on capital account. As the taxation implications are specific to each investor, we strongly recommend that non-Authorised Participant Unitholders seek their own independent professional advice.

Acquisitions

For Units bought on ASX, the amount paid for the shares (plus incidental acquisition costs) will be included in the tax cost base of the Units. Receipt of tax deferred amounts or attribution of AMIT cost base adjustments or tax deferred amounts from a Fund may reduce the cost base of that Fund's Units for CGT purposes. If the cost base is reduced to below zero, an immediate capital gain may be realised. Under the AMIT regime, AMIT cost base adjustments may increase or decrease the cost base of that Fund's Units for CGT purposes.

Disposals

The sale of Units on ASX, will give rise to a CGT event, which may result in a capital gain or loss to the Unitholder. Capital losses can be offset against capital gains. A net capital loss can be carried forward and applied against future capital gains (if any).

Unitholders who are individuals, trustees (conditions apply) and complying superannuation entities may be eligible to claim concessional treatment based on the net capital gain made on the disposal of a Unit that was held for 12 months or more.

23.13 United States Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (**FATCA**) is a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and US tax residents through use of non-US investments or accounts. The FATCA provisions were included in the US HIRE Act, which was signed into US law on 18 March 2010. Australia has entered into an intergovernmental agreement (**IGA**) with the US to implement FATCA in Australia, via the Australian Taxation Administration Act 1953 (Cth), which is to be administered by the Australian Taxation Office (**ATO**). Under the IGA, Reporting Australian Financial Institutions will have identification and reporting obligations with regard to FATCA. The Funds are expected to be a Reporting Australian Financial Institution under the IGA. The Funds intend to fully comply with their FATCA obligations as determined by the FATCA regulation, the IGA and any associated guidance from the ATO. These obligations include, but are not limited to, each Fund identifying and documenting the FATCA status of its investors. The Funds must also report certain information on applicable investors to the ATO, which will in turn report this information to the US Internal Revenue Service.

In order for the Funds to comply with their FATCA obligations, the Funds will be required to request certain information from their investors. Please consult your tax advisor should you wish to understand the implications of FATCA on your particular circumstances. We are not liable for any loss an investor may suffer as a result of the Funds' compliance with FATCA.

23.14 Common Reporting Standards (CRS)

The Common Reporting Standard (**CRS**) is a new, single global standard on Automatic Exchange Of Information (**AEOI**). It was approved by the Organisation for Economic Co-operation and Development (**OECD**) in February 2014 and draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. Under the CRS, participating jurisdictions will be required to exchange certain information held by financial institutions regarding their non-resident investors. The CRS was effective in Australia from 1 July 2017. The Funds will be required to provide certain information to the ATO about non-Australian tax resident holders of Shares (which information will in turn be provided to the relevant tax authorities. In light of the above, holders of Shares in the Funds will be required to provide certain information to the Funds to comply with the terms of the reporting systems.

24. Additional information

24.1 No cooling off rights

Authorised Participants are “wholesale clients” as defined in the Corporations Act and are therefore not entitled to cooling off rights in relations to Unit creation requests. Please contact BlackRock if you have any queries in relation to cooling off rights.

24.2 Reporting requirements

A copy of the audited annual financial report of each Fund is generally available by the end of September from us. Each Fund’s report will be issued in accordance with the Australian Accounting Standards, the Corporations Act and all other applicable professional reporting requirements.

Each Fund will be a disclosing entity and subject to the regular financial reporting and continuous disclosure requirements of the Corporations Act. We will satisfy our obligations by publishing the following material on our website at www.blackrock.com.au/ishares:

- ▶ a copy of a Fund’s annual financial report most recently lodged with ASIC;
- ▶ any half-yearly financial report lodged with ASIC in respect of a Fund after the lodgement of the annual financial report; and
- ▶ any continuous disclosure notices given in respect of a Fund.

A paper copy of this material will be available from BlackRock free of charge upon request. Copies of documents lodged with ASIC in relation to each Fund may be obtained from, or inspected at, an ASIC office.

24.3 Receipt of instructions

Please be aware that fraudulent or other unauthorised instructions can be made by persons with access to a Unitholder’s account name and a copy of their authorised signatures. Accordingly, Unitholders agree to release and indemnify us against all claims and demands arising as a result of our acting on what appeared to us to be proper instructions.

24.4 Legal

We are the Responsible Entity for the Funds and as such, we are licensed by ASIC, which is responsible for regulating the operation of managed investment schemes like the Funds.

Our responsibilities and obligations, as Responsible Entity of each Fund, are governed by each Fund’s constitution as well as the Corporations Act and general trust law.

Each Fund’s constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both you and us. A copy of each Fund’s constitution is available free of charge from BlackRock (refer to page 4 of this PDS for contact details).

Some of the main provisions that relate to Unitholder rights under the constitution include:

- ▶ Unitholder rights to share in the income of a Fund, and how we calculate it;
- ▶ Unitholder rights to withdraw from a Fund and what Unitholders are entitled to receive when they withdraw or if a Fund is wound up;
- ▶ the nature of the Units and classes of Units (if applicable);
- ▶ Unitholder rights to attend and vote at meetings – these mainly reflect the requirements of the Corporations Act which also deals with Unitholder rights to requisition or call a meeting; and

- ▶ resolutions passed by a requisite majority at a meeting of Unitholders are binding on all Unitholders.

The constitution of each Fund provides that the liability of each Unitholder is limited to its investment in a Fund. A Unitholder is not required to indemnify us or our creditors in respect of a Fund. However, no complete assurance can be given in this regard, as the ultimate liability of a Unitholder has not been finally determined by the courts.

There are also provisions governing our powers and duties, some of which are discussed elsewhere in this PDS.

Other provisions include:

- ▶ when we can terminate a Fund or class of Units (if applicable) or reclassify Units (if applicable) and what happens if we do. Generally, we can only terminate a Fund in accordance with the Corporations Act and only if we provide Unitholders with the required notice, and if we do, Unitholders share pro rata in the net proceeds from us selling a Fund’s investments;
- ▶ when we can amend a Fund’s constitution. Generally, we can only amend a constitution where we reasonably believe that the changes will not adversely affect a Unitholder’s rights as an investor. Otherwise a Fund constitution can only be amended if approved by special resolution at a meeting of investors;
- ▶ our right to refuse to accept Unit creation requests or record any transfer of Units without giving any reason;
- ▶ our right to determine minimum Unit creation, redemption and holding amounts and powers in support of these minimums;
- ▶ our right to deduct amounts Unitholders owe us from withdrawal proceeds; and
- ▶ our broad powers to invest, borrow and generally manage a Fund. We do not currently intend to borrow funds to acquire assets for each Fund, although this is permitted under each Fund’s constitution. We may only borrow if we consider it to be in the best interests of Unitholders.

The constitution also deals with our liabilities in relation to a Fund and when they can be reimbursed to us out of a Fund’s assets, for example, subject to the Corporations Act:

- ▶ we are not liable for acting in reliance and in good faith on professional advice;
- ▶ we are not liable to Unitholders for any loss unless we fail to comply with our duties, fail to act in good faith or if we act negligently; and
- ▶ we can be reimbursed for all liabilities we incur in connection with the proper performance of our duties in respect of a Fund.

Amendment of a Fund’s constitution is subject to both the Corporations Act and the terms of the constitution itself.

24.5 Compliance plan

In accordance with the requirements of the Corporations Act and ASIC policy, each Fund has a Compliance Plan. The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the constitution of a Fund. To oversee compliance with the Compliance Plan, we have established a Compliance Committee.

The Compliance Committee is required to report breaches of a Fund constitution and the Corporations Act to the directors of BlackRock, and in some circumstances, to ASIC.

A copy of each Fund's Compliance Plan is available free of charge by contacting BlackRock (refer to page 4 of this PDS for contact details).

24.6 Auditor

We have an obligation under the Corporations Act to appoint an auditor for each Fund and each Fund's Compliance Plan.

24.7 Custody

J.P. Morgan Chase Bank, N.A. Sydney Branch has been appointed as custodian for the Funds. The role of a custodian is limited to holding assets of the Funds on behalf of BlackRock and acting in accordance with express instructions from BlackRock (except in limited circumstances where the custodian is obliged to act without express instructions per the terms of the agreement).

BlackRock remains liable to Unitholders for acts and omissions of the custodian. A custodian has no supervisory obligation to ensure that BlackRock complies with its obligations as Responsible Entity of the Funds.

The custodian may change from time to time but must satisfy any relevant regulatory requirements as mentioned above. If you require details of our custodian at any time, you should contact BlackRock (refer to page 4 of this PDS for contact details).

24.8 Registrar

We expect to appoint Computershare Investors Services Pty Limited (**Computershare**) as the registrar for the Funds. Computershare is responsible for the maintenance of Unitholder records such as quantity of securities held, tax file number and details of participation in the DRP.

Computershare has given and, as at the date hereof, has not withdrawn its written consent to be named as the Registrar in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of this PDS other than being named as the Registrar for the Funds. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS. Refer to page 4 of this PDS for Computershare's contact details.

24.9 Market maker

Under the AQUA Rules, we have certain obligations in respect of each Fund to ensure the development of an orderly and liquid market in a Fund. Designated market makers are the dealers or brokers permitted by the ASX to act as such by making a market for the Units in the secondary market on the ASX.

Various other market makers may also be active in maintaining liquidity in a Fund by acting as buyer and seller in the secondary market.

Market makers enter into agreements with the ASX and ETF issuers to act as a market maker and must have the necessary skill and expertise to perform a market making function. The designated market maker that will be appointed by BlackRock in respect of each Fund will have the experience to meet the requirements of the AQUA Rules and will already act as a market maker for ASX quoted ETFs. Generally, the appointed designated market maker will also have experience of trading ETFs on other global exchanges. BlackRock may change its appointed designated market maker from time to time.

Each day a Fund's portfolio composition file is published, which provides details of the securities that make up a Unit Creation/Redemption Basket.

Market makers apply a bid and ask spread to a Fund's NAV Price and publish these prices on the exchange, and to the extent required by the market making agreements entered into with the ASX and BlackRock and as trading orders are submitted, continuously update the prices throughout the trading day.

Market makers are well positioned to assess the likely value of each Fund and to provide prices throughout the day by, including but not limited to, subscribing to data services that provide intra-day offer prices for the underlying securities in a Fund's Index, deriving price information by analysing flows, and interacting with brokers and other market participants.

Units may be purchased from and sold through market makers. However, there is no guarantee or assurance as to the price at which a market will be made.

24.10 Conflicts of interest and related party information

The Responsible Entity is a member of the BlackRock Group. The BlackRock Group participates in global financial markets in a number of different capacities. The Fund may invest or engage in transactions with entities for which the BlackRock Group may perform services and may act as the seed, lead or only investor in an underlying strategy or fund, which may create a commercial opportunity for the BlackRock Group. For example, a seed investment in an underlying fund may allow the BlackRock Group to establish a track record for that fund that it is then able to sell to other clients. In addition, the Manager or persons associated with the Manager may invest in the Fund from time to time. All such transactions will be on an arm's length commercial basis.

In addition, certain members of the BlackRock Group may have actual and potential conflicts of interest regarding the allocation of investment opportunities amongst funds and products they manage. The BlackRock Group will seek to manage these conflicts in a fair and equitable manner having regard to the interests of their clients generally. As a responsible entity and the holder of an Australian Financial Services Licence, the Manager has policies and procedures in place to manage such conflicts of interest.

The investment choices of a BlackRock Group entity for its fund or client accounts may, at times, be restricted as a result of aggregation limits. For example, with respect to certain industries and markets, corporate and/or regulatory requirements may limit the aggregate amount of investment in certain issuers by affiliated investors. Exceeding these limits without reporting or the grant of a license, exemption or other corporate or regulatory consent may result in fines or other adverse consequences to the relevant BlackRock Group entity its funds and/or its clients. As a consequence of these limits, the ability of a fund or a client to achieve its investment objective may be affected. A BlackRock Group entity, in order to avoid exceeding these limits may, among other actions, limit purchases, sell existing investments and/or transfer, outsource or limit voting rights.

In circumstances where ownership thresholds or limitations must be observed, the BlackRock Group has established policies and procedures which seek to equitably allocate limited investment opportunities amongst the relevant BlackRock Group accounts.

24.11 Privacy policy

We collect your personal information for the primary purpose of establishing and administering your investments with us, communicating with you and providing you with access to protected areas of our websites. We also collect some personal information to meet our obligations, under the AML Legislation and the Corporations Act.

We use and disclose personal information to administer your investment, conduct product and market research, and deal with your concerns. We collect personal information through our interactions with you, as well as in some instances from your financial adviser or other authorised representative, your organisation, public sources and information brokers. BlackRock may take steps to verify information collected.

We are unable to process your application and provide you with the requested investment without your personal information. We ask that you advise us of any changes to the personal information you have provided. If you provide us with personal information about any other individuals (e.g. directors), you must ensure that they are aware of this privacy section.

A Privacy Policy setting out further details of our handling of personal information is available upon request or from our website at www.blackrock.com.au/ishares. The Privacy Policy contains information about how you can access and seek correction of your personal information, about how you can complain or enquire about breaches of your privacy and about how we will deal with your complaint or enquiry.

We may disclose your information to our related bodies corporate and to our service providers who assist us with, among other things, data storage and archiving, auditing, accounting, customer contact, legal, business consulting, banking, payment, data processing, data analysis, information broking, research, website and technology services. Your personal information may be disclosed to Australian and overseas regulatory authorities on reasonable request by those authorities. We may also disclose your information to external parties on your behalf, such as your financial adviser, unless you have instructed otherwise.

BlackRock operates as a global organisation and to this end functions generally operate from dedicated centres that also provide shared services around the globe. Typically, personal information collected in relation to an investment in our funds may be disclosed to our related body corporate located offshore currently in Singapore. Personal information (generally other than personal information held in relation to individual investors) may be held within applications on our portfolio management system or client relationship management system, which are potentially accessible, by our related body corporates in any country in which the BlackRock Group has an office. A list of those countries is available through a link found in our Privacy Policy. Key data is held at locations in Australia, the US and the United Kingdom, at either a BlackRock related party site or third party site.

We take reasonable steps to ensure that any recipients of your personal information do not breach the privacy obligations relating to your personal information.

We, BlackRock Inc and its related bodies corporate may use your information on occasion, to inform you by telephone, electronic messages (like email), online and other means, about other services or products offered by us or them. We may do this on an ongoing basis, but you may opt out at any time.

If you wish to opt out, update or request access to your information, obtain a copy of our Privacy Policy or raise any queries or concerns regarding privacy, you may contact our Privacy Officer by contacting our Client Services Centre (refer to page 4 of this PDS for contact details).

24.12 Complaints

We have established procedures for dealing with enquiries and complaints. If you are a Unitholder and have an enquiry or complaint, you can contact our Enquiries and Complaints Officer via our Client Services Centre (refer to page 4 of this PDS for contact details). If you make a complaint to us, the complaint will be acknowledged and steps will be taken to investigate your concerns. A final response will be provided within 45 days in accordance with our obligations.

BlackRock is a member of the Financial Ombudsman Service (FOS), an independent complaint resolution body. If your complaint is not addressed within 45 days from the date it was received, or you are not satisfied with our response, you may refer your complaint to FOS.

FOS can be contacted by either:

- ▶ Telephone: 1800 367 287;
- ▶ Mail: GPO Box 3, Melbourne, Victoria, 3001;
- ▶ Email: info@fos.org.au; or
- ▶ Website: www.fos.org.au.

For the hearing and speech impaired, FOS can be contacted by either:

- ▶ National Relay Service: www.relayservice.com.au;
- ▶ TTY/Voice Calls: 133 677 (local); or
- ▶ Speak & Listen: 1300 555 727 (local).

24.13 ASIC relief

Equal treatment relief in relation to withdrawals

BlackRock relies upon the relief granted by ASIC in ASIC Class Order [CO13/721] from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to permit the Responsible Entity to not treat Unitholders equally to the extent that it restricts the redemption of Units by Authorised Participants as described in this PDS. For the purposes of this relief, except in exceptional circumstances outlined below, it is important to note that only Authorised Participants are able to redeem Units in each Fund, but other Unitholders may sell their Units on ASX.

Unitholders, including non-Authorised Participant Unitholders, may withdraw from a Fund directly where units in that Fund have been suspended from trading on ASX for a period of five consecutive trading days (refer to the section of this PDS titled "Redemption rights of non-Authorised Participant Unitholders" for further information).

Ongoing disclosure relief

Under ASIC Class Order [CO13/721], ASIC has granted relief from the ongoing disclosure requirements in section 1017B on condition that BlackRock complies with the continuous disclosure requirements in section 675 of the Corporations Act as if each Fund were an unlisted disclosing entity.

Declaration - substantial interest and beneficial tracing

ASIC Class Order [CO 13/721] modifies sections 671B and 672B of the Corporations Act to assist Authorised Participants with compliance with the substantial holding and beneficial tracing obligations in the Corporations Act.

Under the relief an Authorised Participant who holds Units in a Fund will be taken to have a relevant interest in the underlying securities of that Fund as if they had made a Unit redemption request in relation to all their Units in the Fund (other than those Units in respect of which the Authorised Participant has made a Unit redemption request) and where the number and class of underlying securities transferred to the Authorised Participant being those most recently disclosed by us to the Authorised Participant in relation to a Unit redemption request for a Unit. This relief will only apply while a Fund's units are able to be traded on the ASX.

Declaration - Relevant Interest

The below relates to the iShares Global 100 ETF, iShares Global Consumer Staples ETF, iShares Global Healthcare ETF and iShares MSCI EAFE ETF.

ASIC Class Order [CO13/721] modifies section 609 of the Corporations Act, to ensure that the ability to lodge a Unit redemption request by an Authorised Participant does not by itself give rise to that Authorised Participant holding a relevant interest in the securities held by a Fund for the purposes of the takeovers provisions of Chapter 6 and the substantial holding provision of Chapter 6C of the Corporations Act.

This ASIC relief only applies while a Fund's Units are able to be traded on the ASX and will not apply once an Authorised Participant has made a Unit redemption request in respect of any Fund Units it holds.

This ASIC relief applies to the aforementioned Funds, which, at the date of this PDS employ an investment strategy the implementation of which would not be likely to lead to the scheme property of the Fund including securities in a class of securities that:

- ▶ would represent more than 10% by value of scheme property; and
- ▶ were, or would result in the Responsible Entity having a relevant interest in, securities in a listed company; an unlisted company with more than 50 members; a listed body that is formed or incorporated in Australia; or a listed scheme.

For the purposes of this ASIC relief, we confirm that the investment strategy for each Fund is to make investments that are expected to result in the value of a Fund Unit changing in proportion to the value of the Fund's Index, ignoring the effect of fees and expenses in relation to the Fund.

Periodic statements

BlackRock relies upon the relief granted by ASIC in ASIC Class Order [CO13/1200]. Under this relief if BlackRock is not aware of the price at which a Unitholder bought or sold Units on the ASX, periodic statements are not required to include details of the transaction price, nor the return on investment during the reporting period, provided that BlackRock is not able to calculate the return on investment and the periodic statement explains why this information is not included and describes how it can be obtained or calculated.

Periodic statements include the date on which the Unitholder bought or sold the Units, the number of Units transacted and an explanation why the price per Unit and total dollar value is not included.

24.14 Index provider disclaimers

FTSE International Limited (FTSE)

“FTSE®” is a trademark of the London Stock Exchange Group companies and is used by FTSE International Limited (FTSE) under license. The FTSE China 50 Index has been licensed for use for certain purposes by entities within the BlackRock Group.

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S&P Dow Jones Indices LLC (S&P)

The S&P Asia 50™, S&P Europe 350™, S&P Global 100™, S&P Global 1200™, S&P Global 1200 Consumer Staples Index™, S&P Global 1200 Health Care Index™ S&P 500®, S&P MidCap 400® and SmallCap 600® (S&P Indexes) are products of S&P Dow Jones Indices LLC (S&P) and have been licensed and sublicensed for use for certain purposes by entities within the BlackRock Group.

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The iShares Asia 50 ETF (Australia domicile), iShares Asia 50 ETF (US domicile), iShares Europe ETF (Australian domicile), iShares Europe ETF (US domicile), iShares Global 100 ETF (Australian domicile), iShares Global 100 ETF (US domicile), iShares Global Consumer Staples ETF (Australian domicile), iShares Global Consumer Staples ETF (US domicile), iShares Global Healthcare ETF (Australian domicile), iShares Global Healthcare ETF (US domicile), iShares Core S&P 500 ETF, iShares S&P 500 ETF,

iShares Core S&P Mid-Cap ETF, iShares S&P Mid-Cap ETF, iShares Core S&P Small-Cap ETF and iShares S&P Small-Cap ETF (S&P Funds) are not sponsored, endorsed, sold or promoted by S&P, Dow Jones, S&P Global, or their respective affiliates (collectively, S&P Parties) and none of such parties makes any representation or warranty, express or implied, to the owners of units in the S&P Funds or any member of the public regarding the advisability of investing in securities generally of in the S&P Funds in particular or the ability of the S&P Indexes to track general market performance. S&P Parties' only relation to the BlackRock Group with respect to the S&P Indexes is the licensing of the S&P Indexes and certain trademarks, service marks and/or trade names of S&P Parties and/or its licensors. The S&P Indexes are determined, composed and calculated by the S&P Parties without regard to the BlackRock Group or the S&P Funds. The S&P Parties have no obligation to take the needs of the BlackRock Group or the owners of units in the S&P Funds into consideration in determining, composing or calculating the S&P Indexes. The S&P Parties are not responsible for and have not participated in the determination of the prices, and amount of units of a S&P Fund or the timing of the issuance or sale of such units or in the determination or calculation of the equation by which units of a S&P Fund are to be converted into cash, surrendered or redeemed, as the case may be. The S&P Parties have no obligation or liability in connection with the administration, marketing or trading of units of a S&P Fund. There is no assurance that investment products based on the S&P Indexes will accurately track the performance of the applicable S&P Index or provide positive investment returns. S&P is not an investment adviser. Inclusion of a security within an S&P Index is not a recommendation by The S&P Parties to buy, sell, or hold such security, nor is it considered to be investment advice.

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MSCI Inc. (MSCI)

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25. Glossary

ABN	means Australian Business Number.
AEOI	means the Automatic Exchange Of Information.
AMIT, AMITs	means Attribution Managed Investment Trust(s).
AML Legislation	means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.
AP Agreement	means an agreement between BlackRock and an Authorised Participant governing the creation and redemption of units in iShares ETFs.
Application Form	means the form accompanying this PDS that may be used in the submission of Unit creation/redemption requests by Authorised Participants.
AQUA Rules	means the ASX Operating Rules that apply to AQUA products and AQUA trading.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited and its affiliates.
ATO	means the Australian Tax Office.
AUM	means assets under management.
Authorised Participant	means a person who is a wholesale client as described in section 761G of the Corporations Act and who has entered into a relevant Authorised Participant Agreement.
BlackRock Group	means BlackRock Inc and its subsidiary and affiliated entities collectively.
BlackRock Inc	means BlackRock, Inc. [®] .
BlackRock, Responsible Entity, Issuer, Manager, we, our or us	means BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 (Australian financial service licence number 230523).
Business Day	means that days on which a Fund is open for Unit creation and redemption requests, as defined in the Operating Procedures.
CDI	means CHESS Depository Interests.
CDI Holder	means the holder of CDIs over a US iShares ETF.
CGT	means capital gains tax.
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement and another ASX subsidiary.
Compliance Committee	means the BlackRock compliance committee established to oversee each Fund's compliance with the Compliance Plan.
Compliance Plan	means the compliance plan of each Fund.
Computershare	means Computershare Investors Services Pty Limited ACN 078 279 277.
Corporations Act	means the Corporations Act 2001 (Cth).
CRS	means the Common Reporting Standards, a single global standard on the AEOI.
Cut-off Time	means the deadline by which BlackRock must receive Unit creation or redemption requests, as defined in the Operating Procedures.
Dow Jones	means Dow Jones Trademark Holdings LLC.
DRP	means the distribution reinvestment plan for the Funds, as described in the section of this PDS titled "Distribution reinvestment plan".
ETF, ETFs	means exchange traded fund(s).
FATCA	means the Foreign Account Tax Compliance Act.
FOS	means the Financial Ombudsman Service.
FTSE	means FTSE International Limited.
FTSE Funds	means iShares China Large-Cap ETF (Australian domicile) and iShares China Large-Cap ETF (US domicile).
FTSE Index	means the FTSE China 50 Index.
FTSE Parties	means FTSE and the London Stock Exchange Plc.

Fund, Funds	means, as applicable, iShares Asia 50 ETF, iShares China Large-Cap ETF, iShares Europe ETF, iShares Global 100 ETF, iShares Global Consumer Staples ETF, iShares Global Healthcare ETF, iShares MSCI EAFE ETF, iShares MSCI Emerging Markets ETF, iShares MSCI Japan ETF, iShares MSCI South Korea ETF, iShares MSCI Taiwan ETF, iShares S&P 500 ETF, iShares S&P Mid-Cap ETF and/or iShares S&P Small-Cap ETF.
GICS®	means the Global Industry Classification Standards.
GIMI Methodology	means the MSCI Global Investable Markets Indexes Methodology.
GST	means Goods and Services Tax.
IGA	means the intergovernmental agreement between the U.S. and Australia to implement FATCA in Australia.
Index, Indexes	means, as applicable, FTSE China 50 Index, MSCI EAFE Index, MSCI Emerging Markets Index, MSCI Japan Index, MSCI Korea 25/50 Index, MSCI Taiwan 25/50 Index, S&P Asia 50™, S&P Europe 350™, S&P Global 100™, S&P Global 1200 Consumer Staples Index™, S&P Global 1200 Health Care Index™ S&P 500®, S&P MidCap 400® and/or SmallCap 600®.
MIT, MITs	means managed investment trust(s).
MSCI	means MSCI Inc.
MSCI Funds	means the iShares MSCI EAFE ETF (Australian domicile), iShares MSCI EAFE ETF (US domicile), iShares MSCI Emerging Markets ETF (Australian domicile), iShares MSCI Emerging Markets ETF (US domicile), iShares MSCI Japan ETF (Australian domicile), iShares MSCI Japan ETF (US domicile), iShares MSCI South Korea ETF (Australian domicile), iShares MSCI South Korea ETF (US domicile), iShares MSCI Taiwan ETF (Australian domicile) and iShares MSCI Taiwan ETF (US domicile).
MSCI Indexes	means the MSCI EAFE Index, MSCI Emerging Markets Index, MSCI Japan Index, MSCI Korea 25/50 Index and MSCI Taiwan 25/50 Index.
MSCI Parties	means MSCI, any of its affiliates any of its information providers or any other third parties involved in, or related to, compiling, computing or creating any MSCI Index.
NAV	means net asset value.
NAV Price	means the NAV of a Fund divided by the number of Units on issue in that Fund.
Non-Standard Creation Basket	means any Unit creation basket of securities that includes cash in lieu of omitted securities and, if applicable, a cash amount representing any residual cash.
Non-Standard Redemption Basket	means any Unit redemption basket of securities that includes cash in lieu of omitted securities and, if applicable,
Non-Standard Transaction	means any Unit create/redeem request by way of Non-Standard Creation Basket, Non-Standard Redemption Basket or cash only.
OECD	means the Organisation for Economic Co-operation and Development.
Operating Procedures	means the iShares Authorised Participant Operating Procedures, as amended from time to time.
OTC	means over the counter.
Parent Index	means, as applicable, an unconstrained free float-adjusted market capitalisation weighted index, which is designed to measure the performance of the large- and mid-capitalisation segments of the Korean market or the large- and mid-capitalisation segments of the Taiwanese market.
PDS	means this product disclosure statement dated [insert date] and any supplementary or replacement product disclosure statement in relation to this document.
Registrar	means the registrar of the Funds, as appointed by BlackRock, being Computershare.
Reorganisation	means the proposed reorganisation of the Australian offer of the US iShares ETFs issued by the US Corporations that are presently offered to Australian investors by way of CDIs. The reorganisation will involve the exchange of CDIs over each applicable US iShares ETF for units in a corresponding Fund.

S&P	means S&P Dow Jones Indices LLC.
S&P Funds	Means the iShares Asia 50 ETF (Australia domicile), iShares Asia 50 ETF (US domicile), iShares Europe ETF (Australian domicile), iShares Europe ETF (US domicile), iShares Global 100 ETF (Australian domicile), iShares Global 100 ETF (US domicile), iShares Global Consumer Staples ETF (Australian domicile), iShares Global Consumer Staples ETF (US domicile), iShares Global Healthcare ETF (Australian domicile), iShares Global Healthcare ETF (US domicile), iShares Core S&P 500 ETF, iShares S&P 500 ETF, iShares Core S&P Mid-Cap ETF, iShares S&P Mid-Cap ETF, iShares Core S&P Small-Cap ETF and iShares S&P Small-Cap ETF.
S&P Global	means Standard & Poor's Financial Services LLC, a division of S&P Global.
S&P Indexes	means the S&P Asia 50 TM , S&P Europe 350 TM , S&P Global 100 TM , S&P Global 1200 TM , S&P Global 1200 Consumer Staples Index TM , S&P Global 1200 Health Care Index TM S&P 500 [®] , S&P MidCap 400 [®] and SmallCap 600 [®]
S&P Parties	means S&P, Dow Jones, S&P Global, or their respective affiliates.
Tax Law	means the Income Tax Assessment Act 1936 (Cth), Income Tax Assessment Act 1997 (Cth), the Taxation Administration Act 1953 (Cth) and any relevant regulations, rulings or judicial or administrative pronouncements.
TFN	means Tax File Number.
TOFA	means Taxation of Financial Agreements.
Unit	means an undivided share in the beneficial interest in the assets of a Fund as described in this PDS.
Underlying Funds, Underlying Funds	means, as applicable, the US domiciled iShares China Large-Cap ETF, iShares MSCI EAFE ETF, iShares MSCI Emerging Markets ETF, iShares MSCI Japan ETF, iShares MSCI South Korea ETF, iShares MSCI Taiwan ETF, iShares Asia 50 ETF, iShares Europe ETF, iShares Global 100, iShares Global Consumer Staples ETF, iShares Global Healthcare ETF, iShares Core S&P 500 ETF, iShares Core S&P Mid-Cap ETF and/or iShares Core S&P Small-Cap ETF.
Unitholders	means a person holding Units in a Fund.
US	means United States of America.
US Corporation, US Corporations	means, as applicable, iShares Trust ARBN 125 632 411 and/or iShares, Inc. ARBN 125 632 279.
US iShares ETF, US iShares ETFs	means a series of exchange traded funds issued by a US Corporation and settled by way of CHESS Depository Interests.

Melbourne

Level 26
101 Collins Street
Melbourne Vic 3000

Sydney

Level 37
Chifley Tower
2 Chifley Square
Sydney NSW 2000

Brisbane

Level 2
Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Client Services Centre: 1300 366 100
www.blackrock.com.au