

13 February 2017

Market Announcements Office  
ASX Limited

## UPDATED STATEMENT OF ADDITIONAL INFORMATION

FOR RELEASE TO ALL FUNDS BELOW

BlackRock Investment Management (Australia) Limited (**BIMAL**), on behalf of iShares Trust, makes this announcement regarding the following iShares® exchange traded fund (**Funds**).

Attached is an updated U.S. Statement of Additional Information (**SAI**) applicable to the Funds.

All information included in the attached document relating to funds of iShares Trust not detailed in the below table should be disregarded.

| ASX Code | Fund Name                   |
|----------|-----------------------------|
| IZZ      | iShares China Large-Cap ETF |
| IVE      | iShares MSCI EAFE ETF       |

### 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](http://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](http://www.blackrock.com.au).

For more information about iShares ETFs go to [www.blackrock.com/au/ishares](http://www.blackrock.com/au/ishares) or call 1300 474 273.

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# iShares<sup>®</sup> Trust

## Statement of Additional Information

Dated December 1, 2016

(as revised February 9, 2017)

This combined Statement of Additional Information (“SAI”) is not a prospectus. It should be read in conjunction with the current prospectuses (each, a “Prospectus” and collectively, the “Prospectuses”) for the following series of iShares Trust (the “Trust”):

| <u>Fund</u>                                      | <u>Ticker</u> | <u>Listing Exchange</u> |
|--------------------------------------------------|---------------|-------------------------|
| iShares China Large-Cap ETF                      | FXI           | NYSE Arca               |
| iShares Edge MSCI Intl Momentum Factor ETF       | IMTM          | NYSE Arca               |
| iShares Edge MSCI Intl Quality Factor ETF        | IQLT          | NYSE Arca               |
| iShares Edge MSCI Intl Size Factor ETF           | ISZE          | NYSE Arca               |
| iShares Edge MSCI Intl Value Factor ETF          | IVLU          | NYSE Arca               |
| iShares Edge MSCI Min Vol EAFE ETF               | EFAV          | NYSE Arca               |
| iShares Edge MSCI Min Vol Europe ETF             | EUMV          | NYSE Arca               |
| iShares Edge MSCI Min Vol Japan ETF              | JPMV          | NYSE Arca               |
| iShares Edge MSCI Min Vol USA ETF                | USMV          | NYSE Arca               |
| iShares Edge MSCI Multifactor Intl ETF           | INTF          | NYSE Arca               |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | ISCF          | NYSE Arca               |
| iShares Edge MSCI Multifactor USA ETF            | LRGF          | NYSE Arca               |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | SMLF          | NYSE Arca               |
| iShares Edge MSCI USA Momentum Factor ETF        | MTUM          | NYSE Arca               |
| iShares Edge MSCI USA Quality Factor ETF         | QUAL          | NYSE Arca               |
| iShares Edge MSCI USA Size Factor ETF            | SIZE          | NYSE Arca               |
| iShares Edge MSCI USA Value Factor ETF           | VLUE          | NYSE Arca               |
| iShares MSCI EAFE ETF                            | EFA           | NYSE Arca               |
| iShares MSCI EAFE Growth ETF                     | EFG           | NYSE Arca               |
| iShares MSCI EAFE Small-Cap ETF                  | SCZ           | NASDAQ                  |
| iShares MSCI EAFE Value ETF                      | EFV           | NYSE Arca               |
| iShares MSCI Europe Financials ETF               | EUFN          | NASDAQ                  |
| iShares MSCI Europe Small-Cap ETF                | IEUS          | NASDAQ                  |

The Prospectuses for the above-listed funds (each, a “Fund” and collectively, the “Funds”) are dated December 1, 2016, as amended and supplemented from time to time. Capitalized terms used herein that are not defined have the same meaning as in the applicable Prospectus, unless otherwise noted. The Financial Statements and Notes contained in the applicable Annual Report and Semi-Annual Report of the Trust for the Funds are incorporated by reference into and are deemed to be part of this SAI. A copy of each Fund’s Prospectus, Annual Report and Semi-Annual Report may be obtained without charge by writing to the Trust’s distributor, BlackRock Investments, LLC (the “Distributor” or “BRIL”), 1 University Square Drive, Princeton, NJ 08540, calling 1-800-iShares (1-800-474-2737) or visiting [www.iShares.com](http://www.iShares.com). Each Fund’s Prospectus is incorporated by reference into this SAI.

References to the Investment Company Act of 1940, as amended (the “Investment Company Act” or the “1940 Act”), or other applicable law, will include any rules promulgated thereunder and any guidance, interpretations or modifications by the Securities and Exchange Commission (the “SEC”), SEC staff or other authority with appropriate jurisdiction, including court interpretations, and exemptive, no action or other relief or permission from the SEC, SEC staff or other authority.

iShares<sup>®</sup> is a registered trademark of BlackRock Fund Advisors and its affiliates.

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# General Description of the Trust and its Funds

The Trust currently consists of more than 265 investment series or portfolios. The Trust was organized as a Delaware statutory trust on December 16, 1999 and is authorized to have multiple series or portfolios. The Trust is an open-end management investment company registered with the SEC under the 1940 Act. The offering of the Trust's shares is registered under the Securities Act of 1933, as amended (the "1933 Act"). This SAI relates to the following Funds:

- iShares China Large-Cap ETF
- iShares Edge MSCI Intl Momentum Factor ETF<sup>1</sup>
- iShares Edge MSCI Intl Quality Factor ETF<sup>2</sup>
- iShares Edge MSCI Intl Size Factor ETF<sup>3</sup>
- iShares Edge MSCI Intl Value Factor ETF<sup>4</sup>
- iShares Edge MSCI Min Vol EAFE ETF<sup>5</sup>
- iShares Edge MSCI Min Vol Europe ETF<sup>6</sup>
- iShares Edge MSCI Min Vol Japan ETF<sup>7</sup>
- iShares Edge MSCI Min Vol USA ETF<sup>8</sup>
- iShares Edge MSCI Multifactor Intl ETF<sup>9</sup>
- iShares Edge MSCI Multifactor Intl Small-Cap ETF<sup>10</sup>
- iShares Edge MSCI Multifactor USA ETF<sup>11</sup>
- iShares Edge MSCI Multifactor USA Small-Cap ETF<sup>12</sup>
- iShares Edge MSCI USA Momentum Factor ETF<sup>13</sup>
- iShares Edge MSCI USA Quality Factor ETF<sup>14</sup>
- iShares Edge MSCI USA Size Factor ETF<sup>15</sup>
- iShares Edge MSCI USA Value Factor ETF<sup>16</sup>
- iShares MSCI EAFE ETF
- iShares MSCI EAFE Growth ETF
- iShares MSCI EAFE Small-Cap ETF
- iShares MSCI EAFE Value ETF
- iShares MSCI Europe Financials ETF
- iShares MSCI Europe Small-Cap ETF

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<sup>1</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI International Developed Momentum Factor ETF to iShares Edge MSCI Intl Momentum Factor ETF.

<sup>2</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI International Developed Quality Factor ETF to iShares Edge MSCI Intl Quality Factor ETF.

<sup>3</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI International Developed Size Factor ETF to iShares Edge MSCI Intl Size Factor ETF.

<sup>4</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI International Developed Value Factor ETF to iShares Edge MSCI Intl Value Factor ETF.

<sup>5</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI EAFE Minimum Volatility ETF to iShares Edge MSCI Min Vol EAFE ETF.

<sup>6</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI Europe Minimum Volatility ETF to iShares Edge MSCI Min Vol Europe ETF.

<sup>7</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI Japan Minimum Volatility ETF to iShares Edge MSCI Min Vol Japan ETF.

<sup>8</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI USA Minimum Volatility ETF to iShares Edge MSCI Min Vol USA ETF.

<sup>9</sup> On May 12, 2016, the name of the Fund changed from iShares FactorSelect MSCI International ETF to iShares Edge MSCI Multifactor Intl ETF.

<sup>10</sup> On May 12, 2016, the name of the Fund changed from iShares FactorSelect MSCI Intl Small-Cap ETF to iShares Edge MSCI Multifactor Intl Small-Cap ETF.

<sup>11</sup> On May 12, 2016, the name of the Fund changed from iShares FactorSelect MSCI USA ETF to iShares Edge MSCI Multifactor USA ETF.

- <sup>12</sup> On May 12, 2016, the name of the Fund changed from iShares FactorSelect MSCI USA Small-Cap ETF to iShares Edge MSCI Multifactor USA Small-Cap ETF.
- <sup>13</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI USA Momentum Factor ETF to iShares Edge MSCI USA Momentum Factor ETF.
- <sup>14</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI USA Quality Factor ETF to iShares Edge MSCI USA Quality Factor ETF.
- <sup>15</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI USA Size Factor ETF to iShares Edge MSCI USA Size Factor ETF.
- <sup>16</sup> On May 12, 2016, the name of the Fund changed from iShares MSCI USA Value Factor ETF to iShares Edge MSCI USA Value Factor ETF.

Each Fund is managed by BlackRock Fund Advisors (“BFA”), an indirect wholly-owned subsidiary of BlackRock, Inc., and generally seeks to track the investment results of the specific benchmark index identified in the applicable Prospectus for that Fund (each, an “Underlying Index”).

Each Fund offers and issues shares at their net asset value per share (“NAV”) only in aggregations of a specified number of shares (each, a “Creation Unit”), generally in exchange for a designated portfolio of securities (including any portion of such securities for which cash may be substituted) included in its Underlying Index (the “Deposit Securities”), together with the deposit of a specified cash payment (the “Cash Component”). Shares of the Funds are listed for trading on national securities exchanges (a “Listing Exchange”) such as The Nasdaq Stock Market (“NASDAQ”) or NYSE Arca, Inc. (“NYSE Arca”). Shares of each Fund are traded in the secondary market and elsewhere at market prices that may be at, above or below the Fund’s NAV. Shares are redeemable only in Creation Units, and, generally, in exchange for portfolio securities and a Cash Component. Creation Units typically are a specified number of shares, generally ranging from 50,000 to 600,000 or multiples thereof.

The Trust reserves the right to permit or require that creations and redemptions of shares are effected fully or partially in cash and reserves the right to permit or require the substitution of Deposit Securities in lieu of cash. Shares may be issued in advance of receipt of Deposit Securities, subject to various conditions, including a requirement that the Authorized Participant (as defined in the *Portfolio Holding Information* section of this SAI) maintain with the Trust a cash deposit equal to at least 105% and up to 115%, which percentage BFA may change from time to time, of the market value of the omitted Deposit Securities. The Trust may use such cash deposit at any time to purchase Deposit Securities. See the *Creation and Redemption of Creation Units* section of this SAI. Transaction fees and other costs associated with creations or redemptions that include a cash portion may be higher than the transaction fees and other costs associated with in-kind creations or redemptions. In all cases, conditions with respect to creations and redemptions of shares and fees will be limited in accordance with the requirements of SEC rules and regulations applicable to management investment companies offering redeemable securities.

## Exchange Listing and Trading

A discussion of exchange listing and trading matters associated with an investment in each Fund is contained in the *Shareholder Information* section of each Fund’s Prospectus. The discussion below supplements, and should be read in conjunction with, that section of the applicable Prospectus.

Shares of each Fund are listed for trading, and trade throughout the day, on the applicable Listing Exchange and in other secondary markets. Shares of certain Funds may also be listed on certain non-U.S. exchanges. There can be no assurance that the requirements of the Listing Exchange necessary to maintain the listing of shares of any Fund will continue to be met. The Listing Exchange may, but is not required to, remove the shares of a Fund from listing if, among other things: (i) following the initial 12-month period beginning upon the commencement of trading of Fund shares, there are fewer than 50 record and/or beneficial owners of shares of the Fund for 30 or more consecutive trading days, (ii) the value of the Underlying Index on which a Fund is based is no longer calculated or available, or (iii) any other event shall occur or condition shall exist that, in the opinion of the Listing Exchange, makes further dealings on the Listing Exchange inadvisable. The Listing Exchange will also remove shares of a Fund from listing and trading upon termination of the Fund.

As in the case of other publicly-traded securities, when you buy or sell shares of a Fund through a broker, you may incur a brokerage commission determined by that broker, as well as other charges.

In order to provide additional information regarding the indicative value of shares of the Funds, the Listing Exchange or a market data vendor disseminates information every 15 seconds through the facilities of the Consolidated Tape Association, or through other widely disseminated means, an updated indicative optimized portfolio value (“IOPV”) for the Funds as

calculated by an information provider or market data vendor. The Trust is not involved in or responsible for any aspect of the calculation or dissemination of the IOPV and makes no representation or warranty as to the accuracy of the IOPV.

An IOPV has an equity securities component and a cash component. The equity securities values included in an IOPV are the values of the Deposit Securities for a Fund. While the IOPV reflects the current value of the Deposit Securities required to be deposited in connection with the purchase of a Creation Unit, it does not necessarily reflect the precise composition of the current portfolio of securities held by the Fund at a particular point in time because the current portfolio of the Fund may include securities that are not a part of the current Deposit Securities. Therefore, a Fund's IOPV disseminated during the Listing Exchange trading hours should not be viewed as a real-time update of the Fund's NAV, which is calculated only once a day.

The cash component included in an IOPV consists of estimated accrued interest, dividends and other income, less expenses. If applicable, each IOPV also reflects changes in currency exchange rates between the U.S. dollar and the applicable currency.

The Trust reserves the right to adjust the share prices of the Funds in the future to maintain convenient trading ranges for investors. Any adjustments would be accomplished through stock splits or reverse stock splits, which would have no effect on the net assets of the Funds or an investor's equity interest in the Funds.

## Investment Strategies and Risks

Each Fund seeks to achieve its objective by investing primarily in securities issued by issuers that comprise its relevant Underlying Index and through transactions that provide substantially similar exposure to securities in the Underlying Index. Each Fund operates as an index fund and is not actively managed. Adverse performance of a security in a Fund's portfolio will ordinarily not result in the elimination of the security from the Fund's portfolio.

Each Fund engages in representative sampling, which is investing in a sample of securities selected by BFA to have a collective investment profile similar to that of the Fund's Underlying Index. Securities selected have aggregate investment characteristics (based on market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the Underlying Index. A Fund that uses representative sampling generally does not hold all of the securities that are in its Underlying Index.

Although the Funds do not seek leveraged returns, certain instruments used by the Funds may have a leveraging effect as described below.

**Borrowing.** Each Fund may borrow for temporary or emergency purposes, including to meet payments due from redemptions or to facilitate the settlement of securities or other transactions. Under normal market conditions, any borrowing by a Fund will not exceed 10% of the Fund's net assets; however, each Fund generally does not intend to borrow money.

The purchase of securities while borrowings are outstanding may have the effect of leveraging a Fund. The incurrence of leverage increases a Fund's exposure to risk, and borrowed funds are subject to interest costs that will reduce net income. Purchasing securities while borrowings are outstanding creates special risks, such as the potential for greater volatility in the net asset value of Fund shares and in the yield on a Fund's portfolio. In addition, the interest expenses from borrowings may exceed the income generated by a Fund's portfolio and, therefore, the amount available (if any) for distribution to shareholders as dividends may be reduced. BFA may determine to maintain outstanding borrowings if it expects that the benefits to a Fund's shareholders will outweigh the current reduced return.

Certain types of borrowings by a Fund must be made from a bank or may result in a Fund being subject to covenants in credit agreements relating to asset coverage, portfolio composition requirements and other matters. It is not anticipated that observance of such covenants would impede BFA's management of a Fund's portfolio in accordance with a Fund's investment objectives and policies. However, a breach of any such covenants not cured within the specified cure period may result in acceleration of outstanding indebtedness and require a Fund to dispose of portfolio investments at a time when it may be disadvantageous to do so.

**Currency Transactions.** A foreign currency forward contract is an over-the-counter (“OTC”) obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days greater than two days from the date on which the contract is agreed upon by the parties, at a price set at the time of the contract. A non-deliverable currency forward is an OTC currency forward settled in a specified currency, on a specified date, based on the difference between the agreed upon exchange rate and the market exchange rate. A currency futures contract is a contract that trades on an organized futures exchange involving an obligation to deliver or acquire a specified amount of a specific currency, at a specified price and at a specified future time. Currency futures contracts may be settled on a net cash payment basis rather than by the sale and delivery of the underlying currency. To the extent required by law, liquid assets committed to futures contracts will be maintained. Each Fund does not engage in currency transactions for the purpose of hedging against declines in the value of each Fund’s assets that are denominated in a non-U.S. currency. A Fund may enter into non-U.S. currency forward and non-U.S. currency futures transactions to facilitate local securities settlements or to protect against currency exposure in connection with its distributions to shareholders, but may not enter into such contracts for speculative purposes.

Foreign exchange transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected may be highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, counterparty risk, maturity gap, interest rate risk, and potential interference by foreign governments through regulation of local exchange markets, foreign investment or particular transactions in non-U.S. currency. If BFA utilizes foreign exchange transactions at an inappropriate time or judges market conditions, trends or correlations incorrectly, foreign exchange transactions may not serve their intended purpose of improving the correlation of a Fund’s return with the performance of its Underlying Index and may lower the Fund’s return. Each Fund could experience losses if the value of its currency forwards, options or futures positions were poorly correlated with its other investments or if it could not close out its positions because of an illiquid market or otherwise. In addition, a Fund could incur transaction costs, including trading commissions, in connection with certain non-U.S. currency transactions.

**Diversification Status.** The following table sets forth the diversification status of each Fund:

| Diversified Funds                         | Non-Diversified Funds                            |
|-------------------------------------------|--------------------------------------------------|
| iShares Edge MSCI Min Vol EAFE ETF        | iShares China Large-Cap ETF                      |
| iShares Edge MSCI Min Vol USA ETF         | iShares Edge MSCI Intl Momentum Factor ETF       |
| iShares Edge MSCI USA Momentum Factor ETF | iShares Edge MSCI Intl Quality Factor ETF        |
| iShares Edge MSCI USA Quality Factor ETF  | iShares Edge MSCI Intl Size Factor ETF           |
| iShares Edge MSCI USA Size Factor ETF     | iShares Edge MSCI Intl Value Factor ETF          |
| iShares Edge MSCI USA Value Factor ETF    | iShares Edge MSCI Min Vol Europe ETF             |
| iShares MSCI EAFE ETF                     | iShares Edge MSCI Min Vol Japan ETF              |
| iShares MSCI EAFE Growth ETF              | iShares Edge MSCI Multifactor Intl ETF           |
| iShares MSCI EAFE Small-Cap ETF           | iShares Edge MSCI Multifactor Intl Small-Cap ETF |
| iShares MSCI EAFE Value ETF               | iShares Edge MSCI Multifactor USA ETF            |
| iShares MSCI Europe Financials ETF        | iShares Edge MSCI Multifactor USA Small-Cap ETF  |
| iShares MSCI Europe Small-Cap ETF         |                                                  |

With respect to 75% of a Fund’s total assets, a “diversified” fund is limited by the 1940 Act such that it does not invest more than 5% of its total assets in securities of any one issuer and does not acquire more than 10% of the outstanding voting securities of any one issuer (excluding cash and cash items, government securities, and securities of other investment companies). The remaining 25% of the fund’s total assets may be invested in a single issuer or a number of issuers.

A “non-diversified” fund is a fund that is not limited by the 1940 Act with regard to the percentage of its assets that may be invested in the securities of a single issuer. The securities of a particular issuer (or securities of issuers in particular industries) may constitute a significant percentage of the underlying index of such a fund and, consequently, the fund’s investment portfolio. This may adversely affect a fund’s performance or subject the fund’s shares to greater price volatility than that experienced by more diversified investment companies.

Each Fund (whether diversified or non-diversified) intends to maintain the required level of diversification and otherwise conduct its operations so as to qualify as a regulated investment company (“RIC”) for purposes of the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), and to relieve the Fund of any liability for U.S. federal income tax to the extent that its earnings are distributed to shareholders, provided that the Fund satisfies a minimum distribution requirement. Compliance with the diversification requirements of the Internal Revenue Code may limit the investment flexibility of certain Funds and may make it less likely that the Funds will meet their respective investment objectives.

**Futures, Options on Futures and Securities Options.** Futures contracts, options on futures and securities options may be used by a Fund to simulate investment in its Underlying Index, to facilitate trading or to reduce transaction costs. Each Fund may enter into futures contracts and options on futures that are traded on a U.S. or non-U.S. futures exchange. Each Fund will not use futures, options on futures or securities options for speculative purposes. Each Fund intends to use futures and options on futures in accordance with Rule 4.5 of the Commodity Futures Trading Commission (the “CFTC”) promulgated under the Commodity Exchange Act (“CEA”). BFA, with respect to certain Funds, has claimed an exclusion from the definition of the term “commodity pool operator” in accordance with Rule 4.5 so that BFA, in respect of such Funds, is not subject to registration or regulation as a commodity pool operator under the CEA. See the *Regulation Regarding Derivatives* section of this SAI for more information.

Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of a specific instrument or index at a specified future time and at a specified price. Stock index contracts are based on investments that reflect the market value of common stock of the firms included in the investments. Each Fund may enter into futures contracts to purchase securities indexes when BFA anticipates purchasing the underlying securities and believes prices will rise before the purchase will be made. Upon entering into a futures contract, a Fund will be required to deposit with the broker an amount of cash or cash equivalents known as “initial margin,” which is similar to a performance bond or good faith deposit on the contract and is returned to the Fund upon termination of the futures contract if all contractual obligations have been satisfied. Subsequent payments, known as “variation margin,” will be made to and from the broker daily as the price of the instrument or index underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as “marking-to-market.” At any time prior to the expiration of a futures contract, each Fund may elect to close the position by taking an opposite position, which will operate to terminate the Fund’s existing position in the contract. To the extent required by law, each Fund will segregate liquid assets in an amount equal to its delivery obligations under the futures contracts. An option on a futures contract, as contrasted with a direct investment in such a contract, gives the purchaser the right, but no obligation, in return for the premium paid, to assume a position in the underlying futures contract at a specified exercise price at any time prior to the expiration date of the option. Upon exercise of an option, the delivery of the futures position by the writer of the option to the holder of the option will be accompanied by delivery of the accumulated balance in the writer’s futures margin account that represents the amount by which the market price of the futures contract exceeds (in the case of a call) or is less than (in the case of a put) the exercise price of the option on the futures contract. The potential for loss related to the purchase of an option on a futures contract is limited to the premium paid for the option plus transaction costs. Because the value of the option is fixed at the point of sale, there are no daily cash payments by the purchaser to reflect changes in the value of the underlying contract; however, the value of the option changes daily and that change would be reflected in the NAV of each Fund. The potential for loss related to writing call options is unlimited. The potential for loss related to writing put options is limited to the agreed upon price per share, also known as the “strike price,” less the premium received from writing the put. Certain of the Funds may purchase and write put and call options on futures contracts that are traded on an exchange as a hedge against changes in value of their portfolio securities or in anticipation of the purchase of securities, and may enter into closing transactions with respect to such options to terminate existing positions. There is no guarantee that such closing transactions can be effected.

Securities options may be used by a Fund to obtain access to securities in its Underlying Index or to dispose of securities in its Underlying Index at favorable prices, to invest cash in a securities index that offers similar exposure to that provided by its Underlying Index or otherwise to achieve the Fund’s objective of tracking its Underlying Index. A call option gives a holder the right to purchase a specific security at a specified price (“exercise price”) within a specified period of time. A put option gives a holder the right to sell a specific security at an exercise price within a specified period of time. The initial purchaser of a call

option pays the “writer” a premium, which is paid at the time of purchase and is retained by the writer whether or not such option is exercised. Each Fund may purchase put options to hedge its portfolio against the risk of a decline in the market value of securities held and may purchase call options to hedge against an increase in the price of securities it is committed to purchase. Each Fund may write put and call options along with a long position in options to increase its ability to hedge against a change in the market value of the securities it holds or is committed to purchase. Each Fund may purchase or sell securities options on a U.S. or non-U.S. securities exchange or in the OTC market through a transaction with a dealer. Options on a securities index are typically settled on a net basis based on the appreciation or depreciation of the index level over the strike price. Options on single name securities may be cash- or physically-settled, depending upon the market in which they are traded. Options may be structured so as to be exercisable only on certain dates or on a daily basis. Options may also be structured to have conditions to exercise (*i.e.*, “Knock-in Events”) or conditions that trigger termination (*i.e.*, “Knock-out Events”). Investments in futures contracts and other investments that contain leverage may require each Fund to maintain liquid assets in an amount equal to its delivery obligations under these contracts and other investments. Generally, each Fund maintains an amount of liquid assets equal to its obligations relative to the position involved, adjusted daily on a marked-to-market basis. With respect to futures contracts that are contractually required to “cash-settle,” each Fund maintains liquid assets in an amount at least equal to the Fund’s daily marked-to-market obligation (*i.e.*, each Fund’s daily net liability, if any), rather than the contracts’ notional value (*i.e.*, the value of the underlying asset). By maintaining assets equal to its net obligation under cash-settled futures contracts, each Fund may employ leverage to a greater extent than if the Fund were required to set aside assets equal to the futures contracts’ full notional value. Each Fund bases its asset maintenance policies on methods permitted by the SEC and its staff and may modify these policies in the future to comply with any changes in the guidance articulated from time to time by the SEC or its staff. Changes in SEC guidance regarding the use of derivatives by registered investment companies may adversely impact a Fund’s ability to invest in futures, options or other derivatives or make investments in such instruments more expensive.

**Illiquid Securities.** Each Fund may invest up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment). Illiquid securities may include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets, as determined in accordance with SEC staff guidance. The liquidity of a security relates to the ability to readily dispose of the security and the price to be obtained upon disposition of the security, which may be lower than the price that would be obtained for a comparable, more liquid security. Illiquid securities may trade at a discount to comparable, more liquid securities and a Fund may not be able to dispose of illiquid securities in a timely fashion or at their expected prices.

**Lending Portfolio Securities.** Each Fund may lend portfolio securities to certain borrowers that BFA determines to be creditworthy, including borrowers affiliated with BFA. The borrowers provide collateral that is maintained in an amount at least equal to the current market value of the securities loaned. No securities loan shall be made on behalf of a Fund if, as a result, the aggregate value of all securities loaned by the particular Fund exceeds one-third of the value of such Fund’s total assets (including the value of the collateral received). A Fund may terminate a loan at any time and obtain the return of the securities loaned. Each Fund receives, by way of substitute payment, the value of any interest or cash or non-cash distributions paid on the loaned securities that it would have received if the securities were not on loan.

With respect to loans that are collateralized by cash, the borrower may be entitled to receive a fee based on the amount of cash collateral. The Funds are typically compensated by the difference between the amount earned on the reinvestment of cash collateral and the fee paid to the borrower. In the case of collateral other than cash, a Fund is typically compensated by a fee paid by the borrower equal to a percentage of the market value of the loaned securities. Any cash collateral may be reinvested in certain short-term instruments either directly on behalf of each lending Fund or through one or more joint accounts or money market funds, including those affiliated with BFA; such investments are subject to investment risk.

Each Fund conducts its securities lending pursuant to an exemptive order from the SEC permitting it to lend portfolio securities to borrowers affiliated with the Fund and to retain an affiliate of the Fund to act as lending agent. To the extent that a Fund engages in securities lending, BlackRock Institutional Trust Company, N.A. (“BTC”) acts as securities lending agent for the Fund, subject to the overall supervision of BFA. BTC administers the lending program in accordance with guidelines approved by the Trust’s Board of Trustees (the “Board” or the “Trustees”).

Each Fund retains a portion of the securities lending income and remits the remaining portion to BTC as compensation for its services as securities lending agent. Securities lending income is generally equal to the total of income earned from the reinvestment of cash collateral (and excludes collateral investment fees as defined below), and any fees or other payments to and from borrowers of securities. As securities lending agent, BTC bears all operational costs directly related to securities

lending. Each Fund is responsible for fees in connection with the investment of cash collateral received for securities on loan in a money market fund managed by BFA; however, BTC has agreed to reduce the amount of securities lending income it receives in order to effectively limit the collateral investment fees the Fund bears to an annual rate of 0.04% (the “collateral investment fees”). Such money market fund shares will not be subject to a sales load, redemption fee, distribution fee or service fee.

Pursuant to the securities lending agreement dated January 1, 2015: (i) All funds except for the iShares China Large-Cap ETF, iShares Edge MSCI Intl Momentum Factor ETF, iShares Edge MSCI Intl Quality Factor ETF, iShares Edge MSCI Intl Size Factor ETF, iShares Edge MSCI Intl Value Factor ETF, iShares Edge MSCI Min Vol EAFE ETF, iShares Edge MSCI Min Vol Europe ETF, iShares Edge MSCI Min Vol Japan ETF, iShares Edge MSCI Multifactor Intl ETF, iShares Edge MSCI Multifactor Intl Small-Cap ETF, iShares MSCI EAFE ETF, iShares MSCI EAFE Growth ETF, iShares MSCI EAFE Small-Cap ETF, iShares MSCI EAFE Value ETF, iShares MSCI Europe Financials ETF and iShares MSCI Europe Small-Cap ETF, (“Domestic Equity Funds”) retains 71.5% of securities lending income (which excludes collateral investment fees) and (ii) this amount can never be less than 65% of the sum of securities lending income plus collateral investment fees.

Pursuant to the securities lending agreement dated January 1, 2015: (i) The iShares China Large-Cap ETF, iShares Edge MSCI Intl Momentum Factor ETF, iShares Edge MSCI Intl Quality Factor ETF, iShares Edge MSCI Intl Size Factor ETF, iShares Edge MSCI Intl Value Factor ETF, iShares Edge MSCI Min Vol EAFE ETF, iShares Edge MSCI Min Vol Europe ETF, iShares Edge MSCI Min Vol Japan ETF, iShares Edge MSCI Multifactor Intl ETF, iShares Edge MSCI Multifactor Intl Small-Cap ETF, iShares MSCI EAFE ETF, iShares MSCI EAFE Growth ETF, iShares MSCI EAFE Small-Cap ETF, iShares MSCI EAFE Value ETF, iShares MSCI Europe Financials ETF and iShares MSCI Europe Small-Cap ETF (“International Equity Funds”) retain 80% of securities lending income (which excludes collateral investment fees) and (ii) this amount can never be less than 70% of the sum of securities lending income plus collateral investment fees.

Under the securities lending program, the Funds are categorized into one of several specific asset classes. The determination of a Fund’s asset class category (fixed-income, domestic equity, international equity or fund-of-funds), each of which may be subject to a different fee arrangement, is based on a methodology agreed to by the Trust and BTC.

In addition, commencing the business day following the date that the aggregate securities lending income (which includes, for this purpose, collateral investment fees) earned across the Exchange-Traded Fund Complex (as defined under “Management — Trustees and Officers”) in a calendar year exceeds the aggregate securities lending income earned across the Exchange-Traded Fund Complex in calendar year 2013 (the “Hurdle Date”), each applicable Fund, pursuant to the securities lending agreement, will receive for the remainder of that calendar year securities lending income as follows:

#### *Domestic Equity Funds*

(i) 75% of securities lending income (which excludes collateral investment fees) and (ii) this amount can never be less than 65% of the sum of securities lending income plus collateral investment fees.

#### *International Equity Funds*

(i) 85% of securities lending income (which excludes collateral investment fees) and (ii) this amount can never be less than 70% of the sum of securities lending income plus collateral investment fees.

Securities lending involves exposure to certain risks, including operational risk (*i.e.*, the risk of losses resulting from problems in the settlement and accounting process), “gap” risk (*i.e.*, the risk of a mismatch between the return on cash collateral reinvestments and the fees a Fund has agreed to pay a borrower), and credit, legal, counterparty and market risk. If a securities lending counterparty were to default, a Fund would be subject to the risk of a possible delay in receiving collateral or in recovering the loaned securities, or to a possible loss of rights in the collateral. In the event a borrower does not return a Fund’s securities as agreed, the Fund may experience losses if the proceeds received from liquidating the collateral do not at least equal the value of the loaned security at the time the collateral is liquidated, plus the transaction costs incurred in purchasing replacement securities. This event could trigger adverse tax consequences for a Fund. A Fund could lose money if its short-term investment of the collateral declines in value over the period of the loan. Substitute payments for dividends received by a Fund for securities loaned out by the Fund will not be considered qualified dividend income. BTC will take into account the tax effects on shareholders caused by this difference in connection with a Fund’s securities lending program. Substitute payments received on tax-exempt securities loaned out will not be tax-exempt income.

**Non-U.S. Securities.** Each Fund may purchase publicly-traded common stocks of non-U.S. issuers. To the extent a Fund invests in stocks of non-U.S. issuers, certain of the Fund's investments in such stocks may be in the form of American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs") (collectively, "Depositary Receipts"). Depositary Receipts are receipts, typically issued by a bank or trust issuer, which evidence ownership of underlying securities issued by a non-U.S. issuer. For ADRs, the depository is typically a U.S. financial institution and the underlying securities are issued by a non-U.S. issuer. For other forms of Depositary Receipts, the depository may be a non-U.S. or a U.S. entity, and the underlying securities may be issued by a non-U.S. or a U.S. issuer. Depositary Receipts are not necessarily denominated in the same currency as their underlying securities. Generally, ADRs, issued in registered form, are designed for use in the U.S. securities markets, and EDRs, issued in bearer form, are designed for use in European securities markets. GDRs are tradable both in the United States and in Europe and are designed for use throughout the world.

The Funds will not invest in any unlisted Depositary Receipt or any Depositary Receipt that BFA deems illiquid at the time of purchase or for which pricing information is not readily available. In general, Depositary Receipts must be sponsored, but a Fund may invest in unsponsored Depositary Receipts under certain limited circumstances. The issuers of unsponsored Depositary Receipts are not obligated to disclose material information in the United States. Therefore, there may be less information available regarding such issuers and there may be no correlation between available information and the market value of the Depositary Receipts.

Investing in the securities of non-U.S. issuers involves special risks and considerations not typically associated with investing in U.S. issuers. These include differences in accounting, auditing and financial reporting standards; the possibility of expropriation or confiscatory taxation; adverse changes in investment or exchange control regulations; political instability, which could affect U.S. investments in non-U.S. countries; and potential restrictions on the flow of international capital. Non-U.S. issuers may be subject to less governmental regulation than U.S. issuers. Moreover, individual non-U.S. economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product ("GDP"), rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

**Regulation Regarding Derivatives.** The CFTC subjects advisors to registered investment companies to regulation by the CFTC if a fund that is advised by the advisor either (i) invests, directly or indirectly, more than a prescribed level of its liquidation value in CFTC-regulated futures, options and swaps ("CFTC Derivatives"), or (ii) markets itself as providing investment exposure to such instruments. The CFTC also subjects advisors to registered investment companies to regulation by the CFTC if the registered investment company invests in one or more commodity pools. To the extent a Fund uses CFTC Derivatives, it intends to do so below such prescribed levels and intends not to market itself as a "commodity pool" or a vehicle for trading such instruments.

BFA has claimed an exclusion from the definition of the term "commodity pool operator" under the CEA pursuant to Rule 4.5 under the CEA with respect to the iShares China Large-Cap ETF, iShares Edge MSCI Intl Momentum Factor ETF, iShares Edge MSCI Intl Quality Factor ETF, iShares Edge MSCI Intl Developed Size Factor ETF, iShares Edge MSCI Intl Value Factor ETF, iShares Edge MSCI Min Vol EAFE ETF, iShares Edge MSCI Min Vol Europe ETF, iShares Edge MSCI Min Vol Japan ETF, iShares Edge MSCI Multifactor Intl ETF, iShares Edge MSCI Multifactor Intl Small-Cap ETF, iShares Edge MSCI Multifactor USA ETF, iShares Edge MSCI Multifactor USA Small-Cap ETF, iShares Edge MSCI USA Momentum Factor ETF, iShares Edge MSCI USA Quality Factor ETF, iShares MSCI EAFE ETF, iShares MSCI EAFE Growth ETF, iShares MSCI EAFE Value ETF and iShares MSCI Europe Financials ETF. BFA is not, therefore, subject to registration or regulation as a "commodity pool operator" under the CEA with respect to the Funds.

The iShares Edge MSCI Min Vol USA ETF, iShares Edge MSCI USA Size Factor ETF, iShares Edge MSCI USA Value Factor, iShares MSCI EAFE Small-Cap ETF and iShares MSCI Europe Small-Cap ETF (the "No-Action Letter Funds") may also have investments in "underlying funds" (and such underlying funds themselves may invest in underlying funds) not advised by BFA (which for purposes of the no-action letter referenced below may include certain securitized vehicles, mortgage real estate investment trusts and/or investment companies that may invest in CFTC Derivatives), and therefore may be viewed by the CFTC as commodity pools. BFA has no transparency into the holdings of these underlying funds because they are not advised by BFA. To address this issue of lack of transparency, the CFTC staff issued a no-action letter on November 29, 2012 permitting the advisor of a fund that invests in such underlying funds and that would otherwise have filed a claim of exclusion pursuant to CFTC Rule 4.5 to delay registration as a "commodity pool operator" until six months from the date on which the CFTC issues additional guidance on the treatment of CFTC Derivatives held by underlying funds. BFA, the advisor of the No-Action Letter Funds, has filed a claim with the CFTC for such Funds to rely on this no-action relief. Accordingly, BFA is not currently subject to registration or regulation as a "commodity pool operator" under the CEA in respect of such Funds.

Derivative contracts, including, without limitation, swaps, currency forwards, and non-deliverable forwards, are subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) in the U.S. and under comparable regimes in Europe, Asia and other non-U.S. jurisdictions. Under the Dodd-Frank Act, swaps, non-deliverable forwards and certain other derivatives traded in the OTC market will become subject to margin requirements in the Spring of 2017. Implementation of regulation under the Dodd-Frank Act regarding clearing, mandatory trading and margining of swaps and other derivatives have impacted and may continue to increase the costs to a Fund trading in these instruments and, as a result, may affect returns to investors in such Fund.

As a result of regulatory requirements under the 1940 Act, each Fund is required to maintain an amount of liquid assets, accrued on a daily basis, having an aggregate value at least equal to the value of a Fund’s obligations under the applicable derivatives contract. To the extent that derivatives contracts are settled on a physical basis, a Fund will generally be required to maintain an amount of liquid assets equal to the notional value of the contract. On the other hand, in connection with derivatives contracts that are performed on a net basis, a Fund will generally be required to maintain liquid assets, accrued daily, equal only to the accrued excess, if any, of a Fund’s obligations over those of its counterparty under the contract. Accordingly, reliance by a Fund on physically-settled derivatives contracts may adversely impact investors by requiring a Fund to set aside a greater amount of liquid assets than would generally be required if a Fund were relying on cash-settled derivatives contracts.

**Repurchase Agreements.** A repurchase agreement is an instrument under which the purchaser (*i.e.*, a Fund) acquires the security and the seller agrees, at the time of the sale, to repurchase the security at a mutually agreed upon time and price, thereby determining the yield during the purchaser’s holding period. Repurchase agreements may be construed to be collateralized loans by the purchaser to the seller secured by the securities transferred to the purchaser. If a repurchase agreement is construed to be a collateralized loan, the underlying securities will not be considered to be owned by a Fund but only to constitute collateral for the seller’s obligation to pay the repurchase price, and, in the event of a default by the seller, the Fund may suffer time delays and incur costs or losses in connection with the disposition of the collateral.

In any repurchase transaction, the collateral for a repurchase agreement may include: (i) cash items; (ii) obligations issued by the U.S. government or its agencies or instrumentalities; or (iii) obligations that, at the time the repurchase agreement is entered into, are determined to (A) have exceptionally strong capacity to meet their financial obligations and (B) are sufficiently liquid such that they can be sold at approximately their carrying value in the ordinary course of business within seven days.

Repurchase agreements pose certain risks for a Fund that utilizes them. Such risks are not unique to the Funds, but are inherent in repurchase agreements. The Funds seek to minimize such risks, but because of the inherent legal uncertainties involved in repurchase agreements, such risks cannot be eliminated. Lower quality collateral and collateral with a longer maturity may be subject to greater price fluctuations than higher quality collateral and collateral with a shorter maturity. If the repurchase agreement counterparty were to default, lower quality collateral may be more difficult to liquidate than higher quality collateral. Should the counterparty default and the amount of collateral not be sufficient to cover the counterparty’s repurchase obligation, a Fund would likely retain the status of an unsecured creditor of the counterparty (*i.e.*, the position a Fund would normally be in if it were to hold, pursuant to its investment policies, other unsecured debt securities of the defaulting counterparty) with respect to the amount of the shortfall. As an unsecured creditor, a Fund would be at risk of losing some or all of the principal and income involved in the transaction.

**Reverse Repurchase Agreements.** Reverse repurchase agreements involve the sale of securities with an agreement to repurchase the securities at an agreed-upon price, date and interest payment and have the characteristics of borrowing. Generally, the effect of such transactions is that a Fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while in many cases the Fund is able to keep some of the interest income associated with those securities. Such transactions are advantageous only if a Fund has an opportunity to earn a rate of interest on the cash derived from these transactions that is greater than the interest cost of obtaining the same amount of cash. Opportunities to realize earnings from the use of the proceeds equal to or greater than the interest required to be paid may not always be available and a Fund intends to use the reverse repurchase technique only when BFA believes it will be advantageous to the Fund. The use of reverse repurchase agreements may exaggerate any increase or decrease in the value of a Fund’s assets. A Fund’s exposure to reverse repurchase agreements will be covered by liquid assets having a value equal to or greater than the Fund’s obligations under such commitments. The use of reverse repurchase agreements is a form of leverage, and the proceeds obtained by a Fund through reverse repurchase agreements may be invested in additional securities.

**Securities of Investment Companies.** Each Fund may invest in the securities of other investment companies (including money market funds) and real estate investment trusts (“REITs”) to the extent permitted by law. Pursuant to the 1940 Act, a Fund’s investment in registered investment companies is generally limited to, subject to certain exceptions: (i) 3% of the total outstanding voting stock of any one investment company; (ii) 5% of a Fund’s total assets with respect to any one investment company; and (iii) 10% of a Fund’s total assets with respect to investment companies in the aggregate. To the extent allowed by law or regulation, each Fund intends from time to time to invest its assets in the securities of investment companies, including, but not limited to, money market funds, including those advised by or otherwise affiliated with BFA, in excess of the general limits discussed above. Other investment companies in which a Fund may invest can be expected to incur fees and expenses for operations, such as investment advisory and administration fees, which would be in addition to those incurred by the Fund. Pursuant to guidance issued by the SEC staff, fees and expenses of money market funds used for cash collateral received in connection with loans of securities are not treated as Acquired Fund Fees and Expenses, which reflect a Fund’s *pro rata* share of the fees and expenses incurred by investing in other investment companies (as disclosed in the Prospectus, as applicable).

**Short-Term Instruments and Temporary Investments.** Each Fund may invest in short-term instruments, including money market instruments, on an ongoing basis to provide liquidity or for other reasons. Money market instruments are generally short-term investments that may include but are not limited to: (i) shares of money market funds (including those advised by BFA or otherwise affiliated with BFA); (ii) obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities (including government-sponsored enterprises); (iii) negotiable certificates of deposit (“CDs”), bankers’ acceptances, fixed-time deposits and other obligations of U.S. and non-U.S. banks (including non-U.S. branches) and similar institutions; (iv) commercial paper rated, at the date of purchase, “Prime-1” by Moody’s® Investors Service, Inc., “F-1” by Fitch Ratings, Inc., or “A-1” by Standard & Poor’s® Financial Services LLC, a subsidiary of S&P Global, Inc. (“Standard & Poor’s Ratings Services”), or if unrated, of comparable quality as determined by BFA; (v) non-convertible corporate debt securities (e.g., bonds and debentures) with remaining maturities at the date of purchase of not more than 397 days and that satisfy the rating requirements set forth in Rule 2a-7 under the 1940 Act; (vi) repurchase agreements; and (vii) short-term U.S. dollar-denominated obligations of non-U.S. banks (including U.S. branches) that, in the opinion of BFA, are of comparable quality to obligations of U.S. banks which may be purchased by a Fund. Any of these instruments may be purchased on a current or forward-settled basis. Time deposits are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates. Bankers’ acceptances are time drafts drawn on commercial banks by borrowers, usually in connection with international transactions.

**Swap Agreements.** Swap agreements are contracts between parties in which one party agrees to make periodic payments to the other party based on the change in market value or level of a specified rate, index or asset. In return, the other party agrees to make periodic payments to the first party based on the return of a different specified rate, index or asset. Swap agreements will usually be performed on a net basis, with a Fund receiving or paying only the net amount of the two payments. The net amount of the excess, if any, of a Fund’s obligations over its entitlements with respect to each swap is accrued on a daily basis and an amount of liquid assets having an aggregate value at least equal to the accrued excess will be maintained by the Fund.

Certain of the Funds may enter into currency, interest rate or index swaps. The use of currency, interest rate and index swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. These transactions generally do not involve the delivery of securities or other underlying assets.

**Tracking Stocks.** A tracking stock is a separate class of common stock whose value is linked to a specific business unit or operating division within a larger company and is designed to “track” the performance of such business unit or division. The tracking stock may pay dividends to shareholders independent of the parent company. The parent company, rather than the business unit or division, generally is the issuer of tracking stock. However, holders of the tracking stock may not have the same rights as holders of the company’s common stock.

**Future Developments.** The Board may, in the future, authorize each Fund to invest in securities contracts and investments, other than those listed in this SAI and in the applicable Prospectuses, provided they are consistent with each Fund’s investment objective and do not violate any of its investment restrictions or policies.

# General Considerations and Risks

A discussion of some of the principal risks associated with an investment in a Fund is contained in the applicable Prospectus.

An investment in a Fund should be made with an understanding that the value of the Fund's portfolio securities may fluctuate in accordance with changes in the financial condition of the issuers of the portfolio securities, the value of stocks in general, and other factors that affect the market.

**Borrowing Risk.** Borrowing may exaggerate changes in the net asset value of Fund shares and in the return on a Fund's portfolio. Borrowing will cost a Fund interest expense and other fees. The costs of borrowing may reduce a Fund's return. Borrowing may cause a Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations.

**Commodities Investment Risk.** Exposure to commodities markets may subject a Fund to greater volatility than investments in traditional securities. The commodities markets have experienced periods of extreme volatility. Similar future market conditions may result in rapid and substantial valuation increases or decreases in a Fund's holdings.

The commodities markets may fluctuate widely based on a variety of factors. Movements in commodity investment prices are outside of a Fund's control and may not be anticipated by BFA. Price movements may be influenced by, among other things: governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; changing market and economic conditions; market liquidity; weather and climate conditions, including droughts and floods; livestock disease; changing supply and demand relationships and levels of domestic production and imported commodities; changes in storage costs; the availability of local, intrastate and interstate transportation systems; energy conservation; the success of exploration projects; changes in international balances of payments and trade; domestic and foreign rates of inflation; currency devaluations and revaluations; domestic and foreign political and economic events; domestic and foreign interest rates and/or investor expectations concerning interest rates; foreign currency/exchange rates; domestic and foreign governmental regulation and taxation; war, acts of terrorism and other political upheaval and conflicts; governmental expropriation; investment and trading activities of mutual funds, hedge funds and commodities funds; and changes in philosophies and emotions of market participants. The frequency and magnitude of such changes cannot be predicted.

The prices of commodities can also fluctuate widely due to supply and demand disruptions in major producing or consuming regions. Certain commodities or natural resources may be produced in a limited number of countries and may be controlled by a small number of producers or groups of producers. As a result, political, economic, regulatory and supply-related events in such countries could have a disproportionate impact on the prices of such commodities.

A decrease in the production of a physical commodity or a decrease in the volume of such commodity available for transportation, mining, processing, storage or distribution may adversely impact the financial performance of a commodity or commodity-related company that devotes a portion of its business to that commodity. Production declines and volume decreases could be caused by various factors, including catastrophic events affecting production, depletion of resources, labor difficulties, environmental proceedings, increased regulations, equipment failures and unexpected maintenance problems, import supply disruption, governmental expropriation, political upheaval or conflicts or increased competition from alternative energy sources or commodity prices. Agricultural commodities may be adversely affected by weather or other natural phenomena, such as drought, floods and pests.

A sustained decline in demand for such commodities could also adversely affect the financial performance of commodity-related companies. Factors that could lead to a decline in demand include economic recession or other adverse economic conditions, higher taxes on commodities or increased governmental regulations, increases in fuel economy, consumer shifts to the use of alternative commodities or fuel sources, changes in commodity prices, or weather.

The commodity markets are subject to temporary distortions and other disruptions due to, among other factors, lack of liquidity, the participation of speculators, and government regulation and other actions. U.S. futures exchanges and some foreign exchanges limit the amount of fluctuation in futures contract prices which may occur in a single business day (generally referred to as "daily price fluctuation limits"). The maximum or minimum price of a contract as a result of these limits is referred to as a "limit price." If the limit price has been reached in a particular contract, no trades may be made beyond the limit price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices.

**Custody Risk.** Custody risk refers to the risks inherent in the process of clearing and settling trades and to the holding of securities, cash and other assets by local banks, agents and depositories. Low trading volumes and volatile prices in less developed markets make trades harder to complete and settle, and governments or trade groups may compel local agents to hold securities in designated depositories that may not be subject to independent evaluation. Local agents are held only to the standards of care of their local markets, and thus may be subject to limited or no government oversight. Communications between the United States and emerging market countries may be unreliable, increasing the risk of delayed settlements or losses of security certificates. In general, the less developed a country's securities market is, the greater the likelihood of custody problems. Practices in relation to the settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because of the use of brokers and counterparties that are often less well capitalized, and custody and registration of assets in some countries may be unreliable. The possibility of fraud, negligence or undue influence being exerted by the issuer or refusal to recognize ownership exists in some emerging markets, and, along with other factors, could result in ownership registration being lost. In addition, the laws of certain countries may put limits on a Fund's ability to recover its assets if a foreign bank or depository or issuer of a security or an agent of any of the foregoing goes bankrupt. A Fund would absorb any loss resulting from such custody problems and may have no successful claim for compensation.

**Dividend Risk.** There is no guarantee that issuers of the stocks held by a Fund will declare dividends in the future or that, if declared, they will either remain at current levels or increase over time.

**Momentum Securities Risk.** Stocks that previously exhibited high momentum characteristics may not experience positive momentum or may experience more volatility than the market as a whole. The Index Provider may be unsuccessful in creating an index that emphasizes momentum securities. In addition, there may be periods when the momentum style of investing is out of favor and the investment performance of the iShares Edge MSCI USA Momentum Factor ETF may suffer.

**National Closed Market Trading Risk.** To the extent that the underlying securities held by a Fund trade on foreign exchanges that are closed when the securities exchange on which a Fund's shares trade is open, there are likely to be deviations between the current price of such an underlying security and the last quoted price for the underlying security (*i.e.*, a Fund's quote from the closed foreign market). These deviations may result in premiums or discounts to a Fund's NAV that may be greater than those experienced by other exchange-traded funds ("ETFs").

**Operational Risk.** BFA and a Fund's other service providers may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, that could negatively impact the Funds. While service providers are required to have appropriate operational risk management policies and procedures, their methods of operational risk management may differ from a Fund's in the setting of priorities, the personnel and resources available or the effectiveness of relevant controls. BFA, through its monitoring and oversight of service providers, seeks to ensure that service providers take appropriate precautions to avoid and mitigate risks that could lead to disruptions and operating errors. However, it is not possible for BFA or the other Fund service providers to identify all of the operational risks that may affect a Fund or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

**Quality Securities Risk.** The Index Provider may be unsuccessful in creating an index that reflects the quality of individual stocks. Companies that issue these stocks may not be able to sustain consistently high returns on equity, earnings and growth year after year and may need to borrow money or issue debt despite their prior history. Earnings, growth and other measures of a stock's quality can be adversely affected by market, regulatory, political, environmental and other factors. The price of a stock also may be affected by factors other than those factors considered by the Index Provider. The degree to which these factors affect a stock's performance can be difficult to predict.

**Value Securities Risk.** Securities issued by companies that may be perceived as undervalued may fail to appreciate for long periods of time and may never realize their full potential value. The Index Provider may be unsuccessful in creating an index that emphasizes undervalued securities.

**Volatility Risk.** The value of a security may fluctuate due to factors affecting markets generally or particular industries. This volatility may affect the Funds' NAV. Although certain of the Underlying Indexes were created to seek lower volatility than another index, there is no guarantee that these strategies will be successful. The Index Provider may be unsuccessful in creating an index that minimizes volatility, and there is a risk that each Fund may experience more than minimum volatility.

Securities in the Funds' portfolios may be subject to price volatility and their prices may not be any less volatile than the market as a whole and could be more volatile. Events or financial circumstances affecting individual securities or sectors may increase the volatility of the Funds.

**Risk of Derivatives.** A derivative is a financial contract, the value of which depends on, or is derived from, the value of an underlying asset, such as a security, a commodity (such as gold or silver), a currency or an index (a measure of value or rates, such as the S&P 500<sup>®</sup> or the prime lending rate). A Fund may invest in stock index futures contracts, securities options and other derivatives. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices and thus a Fund's losses may be greater if it invests in derivatives than if it invests only in conventional securities. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligations. Derivatives generally involve the incurrence of leverage. To address such leverage and to prevent a Fund from being deemed to have issued senior securities, such Fund will segregate liquid assets equal to its obligations under the derivatives throughout the life of the investment.

**Risk of Equity Securities.** An investment in a Fund should be made with an understanding of the risks inherent in an investment in equity securities, including the risk that the financial condition of issuers may become impaired or that the general condition of stock markets may deteriorate (either of which may cause a decrease in the value of the portfolio securities and thus in the value of shares of the Fund). Common stocks are susceptible to general stock market fluctuations and to increases and decreases in value as market confidence and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic or banking crises. Holders of common stocks incur more risks than holders of preferred stocks and debt obligations because common stockholders generally have rights to receive payments from stock issuers that are inferior to the rights of creditors, or holders of debt obligations or preferred stocks. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (the value of which, however, is subject to market fluctuations prior to maturity), or preferred stocks, which typically have a liquidation preference and which may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity date. In addition, issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline.

Although most of the securities in each Underlying Index are listed on a securities exchange, the principal trading market for some of the securities may be in the OTC market. The existence of a liquid trading market for certain securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made or maintained or that any such market will be or remain liquid. The price at which securities may be sold and the value of a Fund's shares will be adversely affected if trading markets for the Fund's portfolio securities are limited or absent, or if bid/ask spreads are wide.

**Risk of Futures and Options on Futures Transactions.** There are several risks accompanying the utilization of futures contracts and options on futures contracts. A position in futures contracts and options on futures contracts may be closed only on the exchange on which the contract was made (or a linked exchange). While each Fund plans to utilize futures contracts only if an active market exists for such contracts, there is no guarantee that a liquid market will exist for the contract at a specified time. Futures contracts, by definition, project price levels in the future and not current levels of valuation; therefore, market circumstances may result in a discrepancy between the price of the stock index future and the movement in a Fund's Underlying Index. In the event of adverse price movements, a Fund would continue to be required to make daily cash payments to maintain its required margin. In such situations, if a Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, a Fund may be required to deliver the instruments underlying the futures contracts it has sold.

The risk of loss in trading futures contracts or uncovered call options in some strategies (e.g., selling uncovered stock index futures contracts) is potentially unlimited. The Funds do not plan to use futures and options contracts in this way. The risk of a futures position may still be large as traditionally measured due to the low margin deposits required. In many cases, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investor relative to the size of a required margin deposit. The Funds, however, intend to utilize futures and options contracts in a manner designed to limit their risk exposure to levels comparable to a direct investment in the types of stocks in which they invest.

Utilization of futures and options on futures by a Fund involves the risk of imperfect or even negative correlation to its Underlying Index if the index underlying the futures contract differs from the Underlying Index. There is also the risk of loss of margin deposits in the event of bankruptcy of a broker with whom a Fund has an open position in the futures contract or option. The purchase of put or call options will be based upon predictions by BFA as to anticipated trends, which predictions could prove to be incorrect.

Because the futures market generally imposes less burdensome margin requirements than the securities market, an increased amount of participation by speculators in the futures market could result in price fluctuations. Certain financial futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount by which the price of a futures contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. It is possible that futures contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting each Fund to substantial losses. In the event of adverse price movements, each Fund would be required to make daily cash payments of variation margin.

**Risk of Investing in Non-U.S. Equity Securities.** An investment in any of the Funds that invest, directly or indirectly, in non-U.S. equity securities involves risks similar to those of investing in portfolios of equity securities traded on non-U.S. exchanges. These risks include market fluctuations caused by such factors as economic and political developments in those foreign countries, changes in interest rates and perceived trends in stock prices. Investing in securities issued by issuers domiciled in countries other than the domicile of the investor and denominated in currencies other than an investor's local currency entails certain considerations and risks not typically encountered by the investor in making investments in its home country and in that country's currency. These considerations include favorable or unfavorable changes in interest rates, currency exchange rates, exchange control regulations and the costs that may be incurred in connection with conversions between various currencies. Investing in any of the Funds also involves certain risks and considerations not typically associated with investing in a fund whose portfolio contains exclusively securities of U.S. issuers. These risks include generally less liquid and less efficient securities markets; generally greater price volatility; less publicly available information about issuers; the imposition of withholding or other taxes; the imposition of restrictions on the expatriation of funds or other assets of the Funds; higher transaction and custody costs; delays and risks attendant in settlement procedures; difficulties in enforcing contractual obligations; lower liquidity and significantly smaller market capitalization; different accounting and disclosure standards; lower levels of regulation of the securities markets; more substantial government interference with the economy and businesses; higher rates of inflation; greater social, economic, and political uncertainty; the risk of nationalization or expropriation of assets; and the risk of war.

The United States and the European Union (the "EU"), along with the regulatory bodies of a number of countries, including Japan, Australia, Norway, Switzerland and Canada (collectively, "Sanctioning Bodies"), have imposed economic sanctions which consist of asset freezes and sectoral sanctions, on certain Russian individuals and Russian corporate entities. The Sanctioning Bodies could also institute broader sanctions on Russia. These sanctions, or even the threat of further sanctions, may result in the decline of the value and liquidity of Russian securities, a weakening of the ruble or other adverse consequences to the Russian economy. These sanctions could also result in the immediate freeze of Russian securities, impairing the ability of the Fund to buy, sell, receive or deliver those securities.

The sanctions against certain Russian issuers include prohibitions on transacting in or dealing in new debt of longer than 30 or 90 days maturity or new equity of such issuers. Securities held by the Fund issued prior to the date of the sanctions being imposed are not currently subject to any restrictions under the sanctions. However, compliance with each of these sanctions may impair the ability of the Fund to buy, sell, hold, receive or deliver the affected securities or other securities of such issuers. If it becomes impracticable or unlawful for the Fund to hold securities subject to, or otherwise affected by, sanctions (collectively, "affected securities"), or if deemed appropriate by BFA, in its reasonable business judgment, the Fund may prohibit in-kind deposits of the affected securities in connection with creation transactions and instead require a cash deposit, which may also increase the Fund's transaction costs.

Also, if an affected security is included in the Fund's Underlying Index, the Fund may, where practicable, seek to eliminate its holdings in the affected security by employing or augmenting its representative sampling strategy to seek to track the investment results of its Underlying Index. The use of (or increased use of) a representative sampling strategy may increase the Fund's tracking error risk. If the affected securities constitute a significant percentage of the Underlying Index, the Fund

may not be able to effectively implement a representative sampling strategy, which may result in a significant tracking error between the Fund's performance and the performance of its Underlying Index.

Current or future sanctions may result in Russia taking counter measures or retaliatory actions, which may further impair the value and liquidity of Russian securities. These retaliatory measures may include the immediate freeze of Russian assets held by the Fund. In the event of such a freeze of any fund assets, including depositary receipts, the Fund may need to liquidate non-restricted assets in order to satisfy any fund redemption orders. The liquidation of fund assets during this time may also result in the Fund receiving substantially lower prices for its securities.

These sanctions may also lead to changes in a Fund's Underlying Index. The Fund's Index Provider may remove securities from the Underlying Index or implement caps on the securities of certain issuers that have been subject to recent economic sanctions. In such an event, it is expected that the Fund will rebalance its portfolio to bring it in line with the Underlying Index as a result of any such changes, which may result in transaction costs and increased tracking error.

**Risk of Swap Agreements.** The risk of loss with respect to swaps is generally limited to the net amount of payments that a Fund is contractually obligated to make. Swap agreements are subject to the risk that the swap counterparty will default on its obligations. If such a default occurs, a Fund will have contractual remedies pursuant to the agreements related to the transaction. However, such remedies may be subject to bankruptcy and insolvency laws which could affect such Fund's rights as a creditor (e.g., a Fund may not receive the net amount of payments that it is contractually entitled to receive).

Regulators have proposed regulations that would require a Fund to post and collect initial and variation margin (comprised exclusively of cash, in the case of variation margin), in connection with trading of OTC swaps. Adoption of these regulations is likely to raise the costs for a Fund's investment in swaps. In addition, the prudential regulators have indicated that they intend to adopt legislation requiring certain regulated counterparties to include in swap agreements terms that restrict the rights of counterparties, such as a Fund, to terminate swaps and foreclose upon collateral in the event that the counterparty and/or its affiliates are subject to certain types of insolvency proceedings.

**Risk of Investing in Large-Capitalization Companies.** Large-capitalization companies may be less able than smaller capitalization companies to adapt to changing market conditions. Large-capitalization companies may be more mature and subject to more limited growth potential compared with smaller capitalization companies. Over certain periods, the performance of large-capitalization companies has trailed the performance of overall markets.

**Risk of Investing in Mid-Capitalization Companies.** Stock prices of mid-capitalization companies may be more volatile than those of large-capitalization companies and, therefore, a Fund's share price may be more volatile than those of funds that invest a larger percentage of their assets in stocks issued by large-capitalization companies. Stock prices of mid-capitalization companies are also more vulnerable than those of large-capitalization companies to adverse business or economic developments, and the stocks of mid-capitalization companies may be less liquid, making it more difficult for the Funds to buy and sell them. In addition, mid-capitalization companies generally have less diverse product lines than large-capitalization companies and are more susceptible to adverse developments related to their products.

**Risk of Investing in Small-Capitalization Companies.** Stock prices of small-capitalization companies may be more volatile than those of larger companies and therefore a Fund's share price may be more volatile than those of funds that invest a larger percentage of their assets in stocks issued by large-capitalization or mid-capitalization companies. Stock prices of small-capitalization companies are generally more vulnerable than those of large-capitalization or mid-capitalization companies to adverse business and economic developments. The stocks of small-capitalization companies may be thinly traded, making it difficult for the Funds to buy and sell them. In addition, small-capitalization companies are typically less financially stable than larger, more established companies and may depend on a small number of essential personnel, making them more vulnerable to loss of personnel. Small-capitalization companies also normally have less diverse product lines than those of large-capitalization companies and are more susceptible to adverse developments concerning their products.

**Risk of Investing in Africa.** Investments in securities of issuers in certain African countries involve heightened risks including, among others, expropriation and/or nationalization of assets, confiscatory taxation, political instability, including authoritarian and/or military involvement in governmental decision-making, armed conflict, civil war, and social instability as a result of religious, ethnic and/or socio-economic unrest and, in certain countries, genocidal warfare.

Certain countries in Africa generally have less developed capital markets than traditional emerging market countries, and, consequently, the risks of investing in foreign securities are magnified in such countries. Because securities markets of countries in Africa are generally underdeveloped and are generally less correlated to global economic cycles than those markets located in more developed countries, securities markets in African countries are subject to greater risks associated with market volatility, lower market capitalization, lower trading volume, illiquidity, inflation, greater price fluctuations and uncertainty regarding the existence of trading markets. Moreover, trading on African securities markets may be suspended altogether.

Market volatility may also be heightened by the actions of a small number of investors. Brokerage firms in certain countries in Africa may be fewer in number and less established than brokerage firms in more developed markets. Since a Fund may need to effect securities transactions through these brokerage firms, the Fund is subject to the risk that these brokerage firms will not be able to fulfill their obligations to the Fund (*i.e.*, counterparty risk). This risk is magnified to the extent that a Fund effects securities transactions through a single brokerage firm or a small number of brokerage firms.

Certain governments in African countries restrict or control to varying degrees the ability of foreign investors to invest in securities of issuers located or operating in those countries. Moreover, certain countries in Africa require governmental approval or special licenses prior to investment by foreign investors and may limit the amount of investment by foreign investors in a particular industry and/or issuer, and may limit such foreign investment to a certain class of securities of an issuer that may have less advantageous rights than the classes available for purchase by domestic investors of the countries and/or impose additional taxes on foreign investors. A delay in obtaining a government approval or a license would delay investments in a particular country, and, as a result, a Fund may not be able to invest in certain securities while approval is pending. The government of a particular country may also withdraw or decline to renew a license that enables a Fund to invest in such country. These factors make investing in issuers located or operating in countries in Africa significantly riskier than investing in issuers located or operating in more developed countries, and any one of these factors could cause a decline in the value of a Fund's investments. Issuers located or operating in countries in Africa are generally not subject to the same rules and regulations as issuers located or operating in more developed countries. Therefore, there may be less financial and other information publicly available with regard to issuers located or operating in countries in Africa and such issuers are generally not subject to the uniform accounting, auditing and financial reporting standards applicable to issuers located or operating in more developed countries.

In addition, governments of certain countries in Africa in which a Fund may invest may levy withholding or other taxes on income such as dividends, interest and realized capital gains. Although in certain countries in Africa a portion of these taxes are recoverable, the non-recovered portion of foreign withholding taxes will reduce the income received from investments in such countries.

Investment in countries in Africa may be subject to a greater degree of risk associated with governmental approval in connection with the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, there is the risk that if an African country's balance of payments declines, such African country may impose temporary restrictions on foreign capital remittances. Consequently, a Fund could be adversely affected by delays in, or a refusal to grant, required governmental approval for repatriation of capital, as well as by the application to the Fund of any restrictions on investments. Additionally, investments in countries in Africa may require a Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund.

Securities laws in many countries in Africa are relatively new and unsettled and, consequently, there is a risk of rapid and unpredictable change in laws regarding foreign investment, securities regulation, title to securities and shareholder rights. Accordingly, foreign investors may be adversely affected by new or amended laws and regulations. In addition, there may be no single centralized securities exchange on which securities are traded in certain countries in Africa and the systems of corporate governance to which issuers located in countries in Africa are subject may be less advanced than those systems to which issuers located in more developed countries are subject, and, therefore, shareholders of issuers located in such countries may not receive many of the protections available to shareholders of issuers located in more developed countries. Even in circumstances where adequate laws and shareholder rights exist, it may not be possible to obtain swift and equitable enforcement of the law. In addition, the enforcement of systems of taxation at federal, regional and local levels in countries in Africa may be inconsistent and subject to sudden change.

Certain countries in Africa may be heavily dependent upon international trade and, consequently, have been and may continue to be negatively affected by trade barriers, exchange controls, managed adjustments in relative currency values and

other protectionist measures imposed or negotiated by the countries with which they trade. These countries also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. Certain countries in Africa depend to a significant extent upon exports of primary commodities such as gold, silver, copper and diamonds. These countries therefore are vulnerable to changes in commodity prices, which may be affected by a variety of factors. In addition, certain issuers located in countries in Africa in which a Fund invests may operate in, or have dealings with, countries subject to sanctions and/or embargoes imposed by the U.S. government and the United Nations, and/or countries identified by the U.S. government as state sponsors of terrorism. As a result, an issuer may sustain damage to its reputation if it is identified as an issuer which operates in, or has dealings with, such countries. A Fund, as an investor in such issuers, will be indirectly subject to those risks.

The governments of certain countries in Africa may exercise substantial influence over many aspects of the private sector and may own or control many companies. Future government actions could have a significant effect on the economic conditions in such countries, which could have a negative impact on private sector companies. There is also the possibility of diplomatic developments that could adversely affect investments in certain countries in Africa. Some countries in Africa may be affected by a greater degree of public corruption and crime, including organized crime.

Recent political instability and protests in North Africa and the Middle East have caused significant disruptions to many industries. In addition, the outbreak of Ebola in Western Africa severely challenged health care industries in those countries and adversely impacted the region's economy due to quarantines and disruptions of trade, which has further increased instability in the region. This instability has demonstrated that political and social unrest can spread quickly through the region, and that developments in one country can influence the political events in neighboring countries. Some protests have turned violent, and civil war and political reconstruction in certain countries such as Libya, Iraq and Syria pose a risk to investments in the region. Continued political and social unrest in these regions, including the ongoing warfare and terrorist activities in the Middle East and Africa, may negatively affect the value of an investment in a Fund.

**Risk of Investing in Asia.** Investments in securities of issuers in certain Asian countries involve risks not typically associated with investments in securities of issuers in other regions. Such heightened risks include, among others, expropriation and/or nationalization of assets, confiscatory taxation, piracy of intellectual property, data and other security breaches (especially of data stored electronically), political instability, including authoritarian and/or military involvement in governmental decision-making, armed conflict and social instability as a result of religious, ethnic and/or socio-economic unrest. Certain Asian economies have experienced rapid rates of economic growth and industrialization in recent years, and there is no assurance that these rates of economic growth and industrialization will be maintained.

Certain Asian countries have democracies with relatively short histories, which may increase the risk of political instability. These countries have faced political and military unrest, and further unrest could present a risk to their local economies and securities markets. Indonesia and the Philippines have each experienced violence and terrorism, which has negatively impacted their economies. North Korea and South Korea each have substantial military capabilities, and historical tensions between the two countries present the risk of war; in the recent past, these tensions have escalated. Any outbreak of hostilities between the two countries could have a severe adverse effect on the South Korean economy and securities market. Increased political and social unrest in these geographic areas could adversely affect the performance of investments in this region.

Certain governments in this region administer prices on several basic goods, including fuel and electricity, within their respective countries. Certain governments may exercise substantial influence over many aspects of the private sector in their respective countries and may own or control many companies. Future government actions could have a significant effect on the economic conditions in this region, which in turn could have a negative impact on private sector companies. There is also the possibility of diplomatic developments adversely affecting investments in the region.

Corruption and the perceived lack of a rule of law in dealings with international companies in certain Asian countries may discourage foreign investment and could negatively impact the long-term growth of certain economies in this region. In addition, certain countries in the region are experiencing high unemployment and corruption, and have fragile banking sectors.

Some economies in this region are dependent on a range of commodities, including oil, natural gas and coal. Accordingly, they are strongly affected by international commodity prices and particularly vulnerable to any weakening in global demand for these products. The market for securities in this region may also be directly influenced by the flow of international capital, and by the economic and market conditions of neighboring countries. Adverse economic conditions or developments in

neighboring countries may increase investors' perception of the risk of investing in the region as a whole, which may adversely impact the market value of the securities issued by companies in the region.

**Risk of Investing in Australasia.** The economies of Australasia, which include Australia and New Zealand, are dependent on exports from the agricultural and mining sectors. This makes Australasian economies susceptible to fluctuations in the commodity markets. Australasian economies are also increasingly dependent on their growing service industries. Australia and New Zealand are located in a part of the world that has historically been prone to natural disasters, such as drought and flooding. Any such event in the future could have a significant adverse impact on the economies of Australia and New Zealand and affect the value of securities held by a relevant Fund. The economies of Australia and New Zealand are dependent on trading with certain key trading partners, including Asia, Europe and the United States. The Australia–U.S. Free Trade Agreement has significantly expanded the trading relationship between the United States and Australia. Economic events in the United States, Asia, or in other key trading countries can have a significant economic effect on the Australian economy. The economies of Australia and New Zealand are heavily dependent on the mining sector. Passage of new regulations limiting foreign ownership of companies in the mining sector or imposition of new taxes on profits of mining companies may dissuade foreign investment, and as a result, have a negative impact on companies to which a Fund has exposure.

**Risk of Investing in Central and South America.** The economies of certain countries in which a Fund invests are affected by the economies of other Central and South American countries, some of which have experienced high interest rates, economic volatility, inflation, currency devaluations, government defaults, high unemployment rates and political instability which can adversely affect issuers in these countries. In addition, commodities (such as oil, gas and minerals) represent a significant percentage of the region's exports and many economies in this region are particularly sensitive to fluctuations in commodity prices. Adverse economic events in one country may have a significant adverse effect on some or all of the countries to which a Fund has exposure.

The governments of certain countries in Central and South America may exercise substantial influence over many aspects of the private sector and may own or control many companies. Future government actions could have a significant effect on the economic conditions in such countries, which could have a negative impact on the securities in which a Fund invests. Diplomatic developments may also adversely affect investments in certain countries in Central and South America. Some countries in Central and South America may be affected by public corruption and crime, including organized crime.

Certain countries in Central and South America may be heavily dependent upon international trade and, consequently, have been and may continue to be negatively affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These countries also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. In addition, certain issuers located in countries in Central and South America in which a Fund invests may have dealings with countries subject to sanctions and/or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. An issuer may sustain damage to its reputation if it is identified as an issuer that has dealings with such countries. A Fund may be adversely affected if it invests in such issuers.

**Risk of Investing in China.** Investments in securities of companies domiciled in China involve a high degree of risk and special considerations not typically associated with investing in the U.S. securities markets. Such heightened risks include, among others, an authoritarian government, popular unrest associated with demands for improved political, economic and social conditions, the impact of regional conflict on the economy and hostile relations with neighboring countries.

Military conflicts, either in response to internal social unrest or conflicts with other countries, could disrupt economic development. The Chinese economy is vulnerable to the long-running disagreements with Hong Kong related to integration and religious and nationalist disputes with Tibet and the Xinjiang region. China has a complex territorial dispute regarding the sovereignty of Taiwan that has included threats of invasion; Taiwan-based companies and individuals are significant investors in China. Military conflict between China and Taiwan may adversely affect securities of Chinese issuers. In addition, China has strained international relations with Japan, India, Russia and other neighbors due to territorial disputes, historical animosities and other defense concerns. China could be affected by military events on the Korean peninsula or internal instability within North Korea. These situations may cause uncertainty in the Chinese market and may adversely affect performance of the Chinese economy.

The Chinese government has implemented significant economic reforms in order to liberalize trade policy, promote foreign investment in the economy, reduce government control of the economy and develop market mechanisms. However, there can be no assurance that these reforms will continue or that they will be effective. Despite reforms and privatizations of companies in certain sectors, the Chinese government still exercises substantial influence over many aspects of the private sector and may own or control many companies. The Chinese government continues to maintain a major role in economic policy making and investing in China involves risk of loss due to expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and on repatriation of capital invested. In addition, there is less regulation and monitoring of Chinese securities markets and the activities of investors, brokers and other participants than in the United States. Accordingly, issuers of securities in China are not subject to the same degree of regulation as are U.S. issuers with respect to such matters as insider trading rules, tender offer regulation, stockholder proxy requirements and the requirements mandating timely and accurate disclosure of information. Stock markets in China are in the process of change and further development. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulation. The iShares China Large-Cap ETF may invest in H-Shares (securities of companies incorporated in the People's Republic of China ("PRC") that are denominated in Hong Kong dollars and listed on the Hong Kong Exchange) and B-Shares (securities of companies incorporated in the PRC and listed for foreign investment on stock exchanges in the PRC). The iShares China Large-Cap ETF may also invest in certain Hong Kong listed securities known as Red-Chips (securities issued by companies incorporated in certain foreign jurisdictions, which are controlled, directly or indirectly, by entities owned by the national government or local governments in the PRC and derive substantial revenues or allocate substantial assets in the PRC) and P-Chips (securities issued by companies incorporated in certain foreign jurisdictions, which are controlled, directly or indirectly, by individuals in the PRC and derive substantial revenues or allocate substantial assets in the PRC). Securities listed on the Shanghai or Shenzhen stock exchanges are divided into two classes: A-Shares, which are mostly limited to domestic investors and denominated in renminbi, and B-Shares, which are allocated for both international and domestic investors and denominated in U.S. dollars on the Shanghai exchange and Hong Kong dollars on the Shenzhen exchange. The B-Shares market is generally smaller, less liquid and has a smaller issuer base than the A-Shares market, which may lead to significant price volatility. B-Shares, H-Shares, P-Chips or Red-Chips of issuers that also issue A-Shares may trade at significant discounts to their A-Shares counterparts. The issuance of B-Shares and H-Shares by Chinese companies and the ability to obtain a "back-door listing" through Red-Chips or P-Chips is still regarded by the Chinese authorities as an experiment in economic reform. "Back-door listing" is a means by which a mainland Chinese company issues Red-Chips or P-Chips to obtain quick access to international listing and international capital. All of these share mechanisms are relatively untested and subject to political and economic policy in China. Chinese securities have recently experienced substantial volatility, which is expected to continue in the future.

While the Chinese economy has grown rapidly in recent years, there is no assurance that this growth rate will be maintained. China may experience substantial rates of inflation or economic recessions, causing a negative effect on the economy and securities market. China's economy is heavily dependent on export growth. Reduction in spending on Chinese products and services, institution of tariffs or other trade barriers or a downturn in any of the economies of China's key trading partners may have an adverse impact on the securities of Chinese issuers.

The tax laws and regulations in the PRC are subject to change, including the issuance of authoritative guidance or enforcement, possibly with retroactive effect. The interpretation, applicability and enforcement of such laws by PRC tax authorities are not as consistent and transparent as those of more developed nations, and may vary over time and from region to region. The application and enforcement of PRC tax rules could have a significant adverse effect on a Fund and its investors, particularly in relation to capital gains withholding tax imposed upon non-residents.

**Risk of Investing in Developed Countries.** Many countries with developed markets have recently experienced significant economic pressures. These countries generally tend to rely on the services sectors (e.g., the financial services sector) as the primary source of economic growth and may be susceptible to the risks of individual service sectors. For example, companies in the financial services sector are subject to governmental regulation and, recently, government intervention, which may adversely affect the scope of their activities, the prices they can charge and amount of capital they must maintain. Recent dislocations in the financial sector and perceived or actual governmental influence over certain financial companies may lead to credit rating downgrades and, as a result, impact, among other things, revenue growth for such companies. If financial companies experience a prolonged decline in revenue growth, certain developed countries that rely heavily on financial companies as an economic driver may experience a correlative slowdown. Recently, new concerns have emerged with respect to the economic health of certain developed countries. These concerns primarily stem from heavy indebtedness of many developed countries and their perceived inability to continue to service high debt loads without simultaneously implementing stringent austerity measures. Such concerns have led to tremendous downward pressure on the economies of

these countries. As a result, it is possible that interest rates on debt of certain developed countries may rise to levels that make it difficult for such countries to service such debt. Spending on health care and retirement pensions in most developed countries has risen dramatically over the last few years. Medical innovation, extended life expectancy and higher public expectations are likely to continue the increase in health care and pension costs. Any increase in health care and pension costs will likely have a negative impact on the economic growth of many developed countries. Certain developed countries rely on imports of certain key items, such as crude oil, natural gas, and other commodities. As a result, an increase in demand for, or price fluctuations of, certain commodities may negatively affect developed country economies. Developed market countries generally are dependent on the economies of certain key trading partners. Changes in any one economy may cause an adverse impact on several developed countries. In addition, heavy regulation of, among others, labor and product markets may have an adverse effect on certain issuers. Such regulations may negatively affect economic growth or cause prolonged periods of recession. Such risks, among others, may adversely affect the value of a Fund's investments.

**Risk of Investing in Eastern Europe.** Investing in the securities of issuers located or operating in Eastern Europe is highly speculative and involves risks not usually associated with investing in the more developed markets of Western Europe. Political and economic reforms are too recent to establish a definite trend away from centrally planned economies and state-owned industries. In the past, some Eastern European governments have expropriated substantial amounts of private property, and many claims of the property owners have never been fully settled.

Many Eastern European countries continue to move toward market economies at different paces with different characteristics. Most Eastern European securities markets suffer from thin trading activity, dubious investor protections, and often a dearth of reliable corporate information. Information and transaction costs, differential taxes, and sometimes political or transfer risk give a comparative advantage to the domestic investor rather than the foreign investor. In addition, these markets are particularly sensitive to social, political, economic, and currency events in Russia and may suffer heavy losses as a result of their trading and investment links to the Russian economy and currency. Russia also may attempt to assert its influence in the region through economic or even military measures, as it did with Georgia in the summer of 2008 and Ukraine beginning in 2014. Eastern European economies may also be particularly susceptible to changes in the international credit markets due to their reliance on bank related inflows of capital. The global economic crisis has restricted international credit supplies, and several Eastern European economies have faced significant credit and economic crises. Although some Eastern European economies are expanding again, major challenges are still present as a result of their continued dependence on the Western European zone for credit.

**Risk of Investing in Emerging Markets.** Investments in emerging market countries may be subject to greater risks than investments in developed countries. These risks include: (i) less social, political, and economic stability; (ii) greater illiquidity and price volatility due to smaller or limited local capital markets for such securities, or low or non-existent trading volumes; (iii) custodians, clearinghouses, foreign exchanges and broker-dealers may be subject to less scrutiny and regulation by local authorities; (iv) local governments may decide to seize or confiscate securities held by foreign investors and/or local governments may decide to suspend or limit an issuer's ability to make dividend or interest payments; (v) local governments may limit or entirely restrict repatriation of invested capital, profits, and dividends; (vi) capital gains may be subject to local taxation, including on a retroactive basis; (vii) issuers facing restrictions on dollar or euro payments imposed by local governments may attempt to make dividend or interest payments to foreign investors in the local currency; (viii) investors may experience difficulty in enforcing legal claims related to the securities and/or local judges may favor the interests of the issuer over those of foreign investors; (ix) bankruptcy judgments may only be permitted to be paid in the local currency; (x) limited public information regarding the issuer may result in greater difficulty in determining market valuations of the securities, and (xi) lack of financial reporting on a regular basis, substandard disclosure and differences in accounting standards may make it difficult to ascertain the financial health of an issuer.

Emerging market securities markets are typically marked by a high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of ownership of such securities by a limited number of investors. In addition, brokerage and other costs associated with transactions in emerging market securities can be higher, sometimes significantly, than similar costs incurred in securities markets in developed countries. Although some emerging markets have become more established and tend to issue securities of higher credit quality, the markets for securities in other emerging market countries are in the earliest stages of their development, and these countries issue securities across the credit spectrum. Even the markets for relatively widely traded securities in emerging market countries may not be able to absorb, without price disruptions, a significant increase in trading volume or trades of a size customarily undertaken by institutional investors in the securities markets of developed countries. The limited size of many of these securities markets can cause prices to be erratic for reasons apart from factors that affect the

soundness and competitiveness of the securities issuers. For example, prices may be unduly influenced by traders who control large positions in these markets. Additionally, market making and arbitrage activities are generally less extensive in such markets, which may contribute to increased volatility and reduced liquidity of such markets. The limited liquidity of emerging market country securities may also affect a Fund's ability to accurately value its portfolio securities or to acquire or dispose of securities at the price and time it wishes to do so or in order to meet redemption requests.

Many emerging market countries suffer from uncertainty and corruption in their legal frameworks. Legislation may be difficult to interpret and laws may be too new to provide any precedential value. Laws regarding foreign investment and private property may be weak or non-existent. Sudden changes in governments may result in policies which are less favorable to investors such as policies designed to expropriate or nationalize "sovereign" assets. Certain emerging market countries in the past have expropriated large amounts of private property, in many cases with little or no compensation, and there can be no assurance that such expropriation will not occur in the future.

Investment in the securities markets of certain emerging market countries is restricted or controlled to varying degrees. These restrictions may limit a Fund's investment in certain emerging market countries and may increase the expenses of the Fund. Certain emerging market countries require governmental approval prior to investments by foreign persons or limit investment by foreign persons to only a specified percentage of an issuer's outstanding securities or a specific class of securities which may have less advantageous terms (including price) than securities of the company available for purchase by nationals.

Many emerging market countries lack the social, political, and economic stability characteristic of the United States. Political instability among emerging market countries can be common and may be caused by an uneven distribution of wealth, social unrest, labor strikes, civil wars, and religious oppression. Economic instability in emerging market countries may take the form of: (i) high interest rates; (ii) high levels of inflation, including hyperinflation; (iii) high levels of unemployment or underemployment; (iv) changes in government economic and tax policies, including confiscatory taxation; and (v) imposition of trade barriers.

A Fund's income and, in some cases, capital gains from foreign securities will be subject to applicable taxation in certain of the emerging market countries in which it invests, and treaties between the United States and such countries may not be available in some cases to reduce the otherwise applicable tax rates.

Emerging markets also have different clearance and settlement procedures, and in certain of these emerging markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions.

In the past, certain governments in emerging market countries have become overly reliant on the international capital markets and other forms of foreign credit to finance large public spending programs, which in the past have caused huge budget deficits. Often, interest payments have become too overwhelming for a government to meet, representing a large percentage of total GDP. These foreign obligations have become the subject of political debate and served as fuel for political parties of the opposition, which pressure the government not to make payments to foreign creditors, but instead to use these funds for, among other things, social programs. Either due to an inability to pay or submission to political pressure, foreign governments have been forced to seek a restructuring of their loan and/or bond obligations, have declared a temporary suspension of interest payments or have defaulted. These events have adversely affected the values of securities issued by foreign governments and corporations domiciled in those countries and have negatively affected not only their cost of borrowing, but their ability to borrow in the future as well.

**Risk of Investing in Europe.** Investing in European countries may expose a Fund to the economic and political risks associated with Europe in general and the specific European countries in which it invests. The economies and markets of European countries are often closely connected and interdependent, and events in one European country can have an adverse impact on other European countries. A Fund makes investments in securities of issuers that are domiciled in, or have significant operations in, member countries of the Economic and Monetary Union of the EU, which requires member countries to comply with restrictions on inflation rates, deficits, interest rates, debt levels and fiscal and monetary controls, each of which may significantly affect every country in Europe. Changes in imports or exports, changes in governmental or EU regulations on trade, changes in the exchange rate of the euro (the common currency of certain EU countries), the default or threat of default by an EU member country on its sovereign debt, and/or an economic recession in an EU member country may have a significant adverse effect on the economies of EU member countries and their trading partners, including some or all of the emerging markets materials sector countries. Although certain European countries do not use the euro, many of

these countries are obliged to meet the criteria for joining the euro zone. Consequently, these countries must comply with many of the restrictions noted above. The European financial markets have experienced volatility and adverse trends in recent years due to concerns about economic downturns, rising government debt levels and the possible default of government debt in several European countries, including, but not limited to, Cyprus, Greece, Ireland, Italy, Portugal, Spain and Ukraine. In order to prevent further economic deterioration, certain countries, without prior warning, can institute “capital controls.” Countries may use these controls to restrict volatile movements of capital entering and exiting their country. Such controls may negatively affect a Fund’s investments. A default or debt restructuring by any European country would adversely impact holders of that country’s debt and sellers of credit default swaps linked to that country’s creditworthiness, which may be located in countries other than those listed above. In addition, the credit ratings of certain European countries were recently downgraded. These downgrades may result in further deterioration of investor confidence. These events have adversely affected the value and exchange rate of the euro and may continue to significantly affect the economies of every country in Europe, including countries that do not use the euro and non-EU member countries. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not produce the desired results, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and other entities of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching and could adversely impact the value of a Fund’s investments in the region. The occurrence of terrorist incidents throughout Europe also could impact financial markets. The impact of these events is not clear but could be significant and far-reaching and adversely affect the value of a Fund.

**Risk of Investing in Japan.** Japan may be subject to political, economic, nuclear, labor and other risks. Any of these risks, individually or in the aggregate, can impact an investment made in Japan.

*Economic Risk.* The growth of Japan’s economy has recently lagged that of its Asian neighbors and other major developed economies. Since the year 2000, Japan’s economic growth rate has remained relatively low and it may remain low in the future. The Japanese economy is heavily dependent on international trade and has been adversely affected by trade tariffs, other protectionist measures, competition from emerging economies and the economic conditions of its trading partners. Japan is also heavily dependent on oil imports, and higher commodity prices could therefore have a negative impact on the Japanese economy.

*Political Risk.* Historically, Japan has had unpredictable national politics and may experience frequent political turnover. Future political developments may lead to changes in policy that might adversely affect a Fund’s investments. In addition, China has become an important trading partner with Japan. Japan’s political relationship with China, however, has been strained. Should political tension increase, it could adversely affect the Japanese economy and destabilize the region as a whole.

*Large Government Debt Risk.* The Japanese economy faces several concerns, including a financial system with large levels of nonperforming loans, over-leveraged corporate balance sheets, extensive cross-ownership by major corporations, a changing corporate governance structure, and large government deficits. These issues may cause a slowdown of the Japanese economy.

*Currency Risk.* The Japanese yen has fluctuated widely at times and any increase in its value may cause a decline in exports that could weaken the Japanese economy. Japan has, in the past, intervened in the currency markets to attempt to maintain or reduce the value of the yen. Japanese intervention in the currency markets could cause the value of the yen to fluctuate sharply and unpredictably and could cause losses to investors.

*Nuclear Energy Risk.* The nuclear power plant catastrophe in Japan in March 2011 may have long-term effects on the Japanese economy and its nuclear energy industry, the extent of which are currently unknown.

*Labor Risk.* Japan has an aging workforce and has experienced a significant population decline in recent years. Japan’s labor market appears to be undergoing fundamental structural changes, as a labor market traditionally accustomed to lifetime employment adjusts to meet the need for increased labor mobility, which may adversely affect Japan’s economic competitiveness.

*Geographic Risk.* Natural disasters, such as earthquakes, volcanic eruptions, typhoons and tsunamis, could occur in Japan or surrounding areas and could negatively affect the Japanese economy, and, in turn, could negatively affect a Fund.

**Risk of Investing in the Middle East.** Many Middle Eastern countries have little or no democratic tradition, and the political and legal systems in such countries may have an adverse impact on a Fund. Many economies in the Middle East are highly reliant on income from the sale of oil or trade with countries involved in the sale of oil, and their economies are therefore vulnerable to changes in the market for oil and foreign currency values. As global demand for oil fluctuates, many Middle Eastern economies may be significantly impacted.

In addition, many Middle Eastern governments have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, a Middle Eastern country's government may own or control many companies, including some of the largest companies in the country. Accordingly, governmental actions in the future could have a significant effect on economic conditions in Middle Eastern countries. This could affect private sector companies and a Fund, as well as the value of securities in a Fund's portfolio.

Certain Middle Eastern markets are in the earliest stages of development. As a result, there may be a high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries. Brokers in Middle Eastern countries typically are fewer in number and less capitalized than brokers in the United States.

The legal systems in certain Middle Eastern countries also may have an adverse impact on a Fund. For example, the potential liability of a shareholder in a U.S. corporation with respect to acts of the corporation generally is limited to the amount of the shareholder's investment. However, the notion of limited liability is less clear in certain Middle Eastern countries. A Fund therefore may be liable in certain Middle Eastern countries for the acts of a corporation in which it invests for an amount greater than its actual investment in that corporation. Similarly, the rights of investors in Middle Eastern issuers may be more limited than those of shareholders of a U.S. corporation. It may be difficult or impossible to obtain or enforce a legal judgment in a Middle Eastern country. Some Middle Eastern countries prohibit or impose substantial restrictions on investments in their capital markets, particularly their equity markets, by foreign entities such as a Fund. For example, certain countries may require governmental approval prior to investment by foreign persons or limit the amount of investment by foreign persons in a particular issuer. Certain Middle Eastern countries may also limit investment by foreign persons to only a specific class of securities of an issuer that may have less advantageous terms (including price) than securities of the issuer available for purchase by nationals of the relevant Middle Eastern country.

The manner in which foreign investors may invest in companies in certain Middle Eastern countries, as well as limitations on those investments, may have an adverse impact on the operations of a Fund. For example, in certain of these countries, a Fund may be required to invest initially through a local broker or other entity and then have the shares that were purchased re-registered in the name of a Fund. Re-registration in some instances may not be possible on a timely basis. This may result in a delay during which a Fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where a Fund places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation of the investment to foreign investors has already been filled and, consequently, a Fund may not be able to invest in the relevant company.

Substantial limitations may exist in certain Middle Eastern countries with respect to a Fund's ability to repatriate investment income or capital gains. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to a Fund of any restrictions on investment.

Certain Middle Eastern countries may be heavily dependent upon international trade and, consequently, have been and may continue to be negatively affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These countries also have been and may continue to be adversely impacted by economic conditions in the countries with which they trade. In addition, certain issuers located in Middle Eastern countries in which a Fund invests may operate in, or have dealings with, countries subject to sanctions and/or embargoes imposed by the U.S. government and the United Nations, and/or countries identified by the U.S. government as state sponsors of terrorism. As a result, an issuer may sustain damage to its reputation if it is identified as an issuer which operates in, or has dealings with, such countries. A Fund, as an investor in such issuers, will be indirectly subject to those risks.

Certain Middle Eastern countries have strained relations with other Middle Eastern countries due to territorial disputes, historical animosities, defense concerns or other reasons, which may adversely affect the economies of these Middle Eastern countries. Certain Middle Eastern countries experience significant unemployment, as well as widespread underemployment. There has also been a recent increase in recruitment efforts and an aggressive push for territorial control by terrorist groups

in the region, which has led to an outbreak of warfare and hostilities. Warfare in Syria has spread to surrounding areas, including many portions of Iraq and Turkey. Such hostilities may continue into the future or may escalate at any time due to ethnic, racial, political, religious or ideological tensions between groups in the region or foreign intervention or lack of intervention, among other factors.

**Risk of Investing in North America.** A decrease in imports or exports, changes in trade regulations and/or an economic recession in any one North American country can have a significant economic effect on the entire North American region, and on some or all of the North American countries in which a Fund invests.

The United States is Canada's and Mexico's largest trading and investment partner. The Canadian and Mexican economies are significantly affected by developments in the U.S. economy. Since the implementation of NAFTA in 1994 among Canada, the United States and Mexico, total merchandise trade among the three countries has increased. Policy and legislative changes in one country may have a significant effect on North American markets generally, as well as on the value of certain securities, including securities held by a Fund.

**Risk of Investing in the United Kingdom.** Investment in United Kingdom issuers may subject a Fund to regulatory, political, currency, security, and economic risks specific to the United Kingdom. The United Kingdom economy relies heavily on the export of financial services to the United States and other European countries. A prolonged slowdown in the financial services sector may have a negative impact on the United Kingdom's economy. In the past, the United Kingdom has been a target of terrorism. Acts of terrorism in the United Kingdom or against United Kingdom interests abroad may cause uncertainty in the United Kingdom financial markets and adversely affect the performance of the issuers to which a Fund has exposure. In a referendum held on June 23, 2016, the United Kingdom resolved to leave the EU. The referendum may introduce significant uncertainties and instability in the financial markets as the United Kingdom negotiates its exit from the EU. Recently, the United Kingdom's real estate sector has experienced significant volatility and declines in the value of many real estate securities, including real estate funds, real estate investment trusts and real estate holding companies. Increased volatility and investor redemption requests in real estate funds may result in the continued decline in the value and liquidity of real estate securities, which may impair the ability of a Fund to buy, sell, receive or deliver those securities.

**Risk of Investing in the United States.** The United States is a significant, and in some cases the most significant, trading partner of or foreign investor in, certain emerging markets in which a Fund invests, the economic conditions of which may be particularly affected by adverse changes in the U.S. economy. A decrease in U.S. imports, new trade regulations, changes in the U.S. dollar exchange rate or an economic slowdown in the United States may have a material adverse effect on a country's economic conditions and, as a result, securities to which a Fund has exposure.

**U.S. Economic Trading Partners Risk.** The United States is a significant, and in some cases the most significant, trading partner of, or foreign investor in, the country or countries in which a Fund invests. As a result, economic conditions of such countries may be particularly affected by changes in the U.S. economy. The U.S. economy has recently experienced very difficult conditions and increased volatility, as well as significant adverse trends. While government intervention and recent legislation has been enacted to improve the U.S. economy, the recovery has been fragile and modest. A decrease in U.S. imports, new trade and financial regulations, changes in the U.S. dollar exchange rate or an economic slowdown in the United States may have a material adverse effect on a country's economic conditions and, as a result, securities to which a Fund has exposure.

**Risk of Investing in the Basic Materials Industry.** Issuers in the basic materials industry could be adversely affected by commodity price volatility, exchange rates, import controls and increased competition. Companies in the basic materials industry may be subject to swift fluctuations in supply and demand. Fluctuations may be caused by events relating to political and economic developments, the environmental impact of basic materials operations, and the success of exploration projects. Production of industrial materials often exceeds demand as a result of over-building or economic downturns, leading to poor investment returns. Issuers in the basic materials industry are at risk for environmental damage and product liability claims and may be adversely affected by depletion of resources, delays in technical progress, labor relations, tax and government regulations related to changes to, among other things, energy and environmental policies.

**Risk of Investing in the Capital Goods Industry.** The capital goods industry may be affected by fluctuations in the business cycle and by other factors affecting manufacturing demands. The capital goods industry depends heavily on corporate spending. The capital goods industry may perform well during times of economic expansion, and as economic conditions worsen, the demand for capital goods may decrease due to weakening demand, worsening business cash flows, tighter credit controls and deteriorating profitability. During times of economic volatility, corporate spending may fall and adversely

affect the capital goods industry. This industry may also be affected by changes in interest rates, corporate tax rates and other government policies. Many capital goods are sold internationally and such companies are subject to market conditions in other countries and regions.

**Risk of Investing in the Consumer Discretionary Sector.** Companies engaged in the design, production or distribution of products or services for the consumer discretionary sector (including, without limitation, television and radio broadcasting, manufacturing, publishing, recording and musical instruments, motion pictures, photography, amusement and theme parks, gaming casinos, sporting goods and sports arenas, camping and recreational equipment, toys and games, apparel, travel-related services, automobiles, hotels and motels, and fast food and other restaurants) are subject to the risk that their products or services may become obsolete quickly. The success of these companies can depend heavily on disposable household income and consumer spending. During periods of an expanding economy, the consumer discretionary sector may outperform the consumer staples sector, but may underperform when economic conditions worsen. Moreover, the consumer discretionary sector can be significantly affected by several factors, including, without limitation, the performance of domestic and international economies, exchange rates, changing consumer preferences, demographics, marketing campaigns, cyclical revenue generation, consumer confidence, commodity price volatility, labor relations, interest rates, import and export controls, intense competition, technological developments and government regulation.

**Risk of Investing in the Consumer Goods Industry.** The consumer goods industry includes companies involved in the design, production or distribution of goods for consumers, including food, household, home, personal and office products, clothing and textiles. The success of the consumer goods industry is tied closely to the performance of the domestic and international economy, interest rates, exchange rates, competition, consumer confidence and consumer disposable income. The consumer goods industry may be affected by trends, marketing campaigns and other factors affecting consumer demand. Governmental regulation affecting the use of various food additives may affect the profitability of certain companies in the consumer goods industry. Moreover, international events may affect food and beverage companies that derive a substantial portion of their net income from foreign countries. In addition, tobacco companies may be adversely affected by new laws, regulations and litigation. Many consumer goods may be marketed globally, and consumer goods companies may be affected by the demand and market conditions in other countries and regions. Companies in the consumer goods industry may be subject to severe competition, which may also have an adverse impact on their profitability. Changes in demographics and consumer preferences may affect the success of consumer products.

**Risk of Investing in the Consumer Staples Sector.** Companies in the consumer staples sector may be adversely affected by changes in the global economy, consumer spending, competition, demographics and consumer preferences, and production spending. Companies in the consumer staples sector may also be affected by changes in global economic, environmental and political events, economic conditions, the depletion of resources, and government regulation. For instance, government regulations may affect the permissibility of using various food additives and production methods of companies that make food products, which could affect company profitability. In addition, tobacco companies may be adversely affected by the adoption of proposed legislation and/or by litigation. Companies in the consumer staples sector also may be subject to risks pertaining to the supply of, demand for and prices of raw materials. The prices of raw materials fluctuate in response to a number of factors, including, without limitation, changes in government agricultural support programs, exchange rates, import and export controls, changes in international agricultural and trading policies, and seasonal and weather conditions. Companies in the consumer staples sector may be subject to severe competition, which may also have an adverse impact on their profitability.

**Risk of Investing in the Energy Sector.** Companies in the energy sector are strongly affected by the levels and volatility of global energy prices, energy supply and demand, government regulations and policies, energy production and conservation efforts, technological change, and other factors that they cannot control. These companies may also lack resources and have limited business lines. Energy companies may have relatively high levels of debt and may be more likely to restructure their businesses if there are downturns in certain energy markets or in the global economy. If an energy company in a Fund's portfolio becomes distressed, a Fund could lose all or a substantial portion of its investment.

The energy sector is cyclical and is highly dependent on commodity prices; prices and supplies of energy may fluctuate significantly over short and long periods of time due to, among other things, national and international political changes, Organization of Petroleum Exporting Countries ("OPEC") policies, changes in relationships among OPEC members and between OPEC and oil-importing nations, the regulatory environment, taxation policies, and the economy of the key energy-consuming countries. Commodity prices have recently been subject to increased volatility and declines, which may negatively affect companies in which a Fund invests.

Companies in the energy sector may be adversely affected by terrorism, natural disasters or other catastrophes. Companies in the energy sector are at risk of civil liability from accidents resulting in injury, loss of life or property, pollution or other environmental damage claims. Disruptions in the oil industry or shifts in fuel consumption may significantly impact companies in this sector. Significant oil and gas deposits are located in emerging markets countries where corruption and security may raise significant risks, in addition to the other risks of investing in emerging markets. Additionally, the Middle East, where many companies in the energy sector may operate, has historically and recently experienced widespread social unrest.

Companies in the energy sector may also be adversely affected by changes in exchange rates, interest rates, economic conditions, tax treatment, government regulation and intervention, negative perception, efforts at energy conservation and world events in the regions in which the companies operate (e.g., expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and repatriation of capital, military coups, social unrest, violence or labor unrest). Because a significant portion of revenues of companies in this sector is derived from a relatively small number of customers that are largely composed of governmental entities and utilities, governmental budget constraints may have a significant impact on the stock prices of companies in this sector. The energy sector is highly regulated. Entities operating in the energy sector are subject to significant regulation of nearly every aspect of their operations by federal, state and local governmental agencies. Such regulation can change rapidly or over time in both scope and intensity. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may materially adversely affect the financial performance of companies in the energy sector.

**Risk of Investing in the Financials Sector.** Companies in the financials sector include regional and money center banks, securities brokerage firms, asset management companies, savings banks and thrift institutions, specialty finance companies (e.g., credit card, mortgage providers), insurance and insurance brokerage firms, consumer finance firms, financial conglomerates and foreign banking and financial companies. Market conditions and regulation of the financial sector in China may be particularly subject to change based on government policy.

Most financial companies are subject to extensive governmental regulation, which limits their activities and may affect their ability to earn a profit from a given line of business. Government regulation may change frequently and may have significant adverse consequences for companies in the financials sector, including effects not intended by the regulation. Direct governmental intervention in the operations of financial companies and financial markets may materially and adversely affect the companies in which a Fund invests, including legislation in many countries that may increase government regulation, repatriation and other intervention. The impact of governmental intervention and legislative changes on any individual financial company or on the financials sector as a whole cannot be predicted. The valuation of financial companies has been and continues to be subject to unprecedented volatility and may be influenced by unpredictable factors, including interest rate risk and sovereign debt default. Certain financial businesses are subject to intense competitive pressures, including market share and price competition. Financial companies in foreign countries are subject to market specific and general regulatory and interest rate concerns. In particular, government regulation in certain foreign countries may include taxes and controls on interest rates, credit availability, minimum capital requirements, bans on short sales, limits on prices and restrictions on currency transfers. In addition, companies in the financials sector may be the targets of hacking and potential theft of proprietary or customer information or disruptions in service, which could have a material adverse effect on their businesses.

The profitability of banks, savings and loan associations and financial companies is largely dependent on the availability and cost of capital funds and can fluctuate significantly when interest rates change; for instance, when interest rates go up, the value of securities issued by many types of companies in the financials sector generally goes down. In other words, financial companies may be adversely affected in certain market cycles, including, without limitation, during periods of rising interest rates, which may restrict the availability and increase the cost of capital, and during periods of declining economic conditions, which may cause, among other things, credit losses due to financial difficulties of borrowers.

In addition, general economic conditions are important to the operations of these companies, and financial difficulties of borrowers may have an adverse effect on the profitability of financial companies. Financial companies can be highly dependent upon access to capital markets and any impediments to such access, such as adverse overall economic conditions or a negative perception in the capital markets of a financial company's financial condition or prospects, could adversely affect its business. Deterioration of credit markets can have an adverse impact on a broad range of financial markets, causing certain financial companies to incur large losses. In these conditions, companies in the financials sector may experience significant declines in the valuation of their assets, take actions to raise capital and even cease operations.

Some financial companies may also be required to accept or borrow significant amounts of capital from government sources and may face future government-imposed restrictions on their businesses or increased government intervention. In addition, there is no guarantee that governments will provide any such relief in the future. These actions may cause the securities of many companies in the financials sector to decline in value.

**Risk of Investing in the Healthcare Sector.** Companies in the healthcare sector are often issuers whose profitability may be affected by extensive government regulation, restrictions on government reimbursement for medical expenses, rising or falling costs of medical products and services, pricing pressure, an increased emphasis on outpatient services, a limited number of products, industry innovation, changes in technologies and other market developments. Many healthcare companies are heavily dependent on patent protection and the actual or perceived safety and efficiency of their products.

Patents have a limited duration and, upon expiration, other companies may market substantially similar “generic” products that are typically sold at a lower price than the patented product, causing the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. As a result, the expiration of patents may adversely affect the profitability of these companies.

In addition, because the products and services of many companies in the healthcare sector affect the health and well-being of many individuals, these companies are especially susceptible to extensive litigation based on product liability and similar claims. Healthcare companies are subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting. Many new products in the healthcare sector may be subject to regulatory approvals. The process of obtaining such approvals may be long and costly, resulting in increased development costs, delayed cost recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company’s revenues and profitability. In other words, delays in the regulatory approval process may diminish the opportunity for a company to profit from a new product or to bring a new product to market, which could have a material adverse effect on a company’s business. Healthcare companies may also be strongly affected by scientific biotechnology or technological developments, and their products may quickly become obsolete. Also, many healthcare companies offer products and services that are subject to governmental regulation and may be adversely affected by changes in governmental policies or laws. Changes in governmental policies or laws may span a wide range of topics, including cost control, national health insurance, incentives for compensation in the provision of healthcare services, tax incentives and penalties related to healthcare insurance premiums, and promotion of prepaid healthcare plans.

Additionally, the expansion of facilities by healthcare-related providers may be subject to “determinations of need” by certain government authorities. This process not only generally increases the time and costs involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare-related facilities operators and negatively affecting the prices of their securities. Moreover, in recent years both local and national governmental budgets have come under pressure to reduce spending and control healthcare costs, which could both adversely affect regulatory processes and public funding available for healthcare products, services and facilities.

**Risk of Investing in the Industrials Sector.** The value of securities issued by companies in the industrials sector may be adversely affected by supply of and demand for both their specific products or services and for industrials sector products in general. The products of manufacturing companies may face obsolescence due to rapid technological developments and frequent new product introduction. Government regulations, world events and economic conditions affect the performance of companies in the industrials sector. The industrials sector may also be adversely affected by changes or trends in commodity prices, which may be influenced by unpredictable factors. Aerospace and defense companies, a component of the industrials sector, can be significantly affected by government spending policies because companies involved in this industry rely, to a significant extent, on government demand for their products and services. Thus, the financial condition of, and investor interest in, aerospace and defense companies are heavily influenced by governmental defense spending policies, which are typically under pressure from efforts to control government budgets. Transportation stocks, a component of the industrials sector, are cyclical and can be significantly affected by economic changes, fuel prices, labor relations and insurance costs. Transportation companies in certain countries may also be subject to significant government regulation and oversight, which may adversely affect their businesses. For example, commodity price declines and unit volume reductions resulting from an over-supply of materials used in the industrials sector can adversely affect the sector. Furthermore, companies in the industrials sector may be subject to liability for environmental damage, product liability claims, depletion of resources, and mandated expenditures for safety and pollution control.

**Risk of Investing in the Information Technology Sector.** Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. Like other technology companies, information technology companies may have limited product lines, markets, financial resources or personnel. The products of information technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction, unpredictable changes in growth rates and competition for the services of qualified personnel. Technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Companies in the information technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. Finally, while all companies may be susceptible to network security breaches, certain companies in the information technology sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses. These risks are heightened for information technology companies in foreign markets.

**Risk of Investing in the Insurance Industry.** The insurance industry is subject to extensive government regulation in some countries and can be significantly affected by changes in interest rates, general economic conditions, price and marketing competition, the imposition of premium rate caps or other changes in government regulation or tax law. Different segments of the insurance industry can be significantly affected by mortality and morbidity rates, environmental clean-up costs and catastrophic events such as earthquakes, hurricanes and terrorist acts.

**Risk of Investing in the Materials Sector.** Companies in the materials sector may be adversely affected by commodity price volatility, exchange rates, import controls, increased competition, depletion of resources, technical progress, labor relations and government regulations, and mandated expenditures for safety and pollution control, among other factors. Companies in the materials sector are also at risk of liability for environmental damage and product liability claims. Production of materials may exceed demand as a result of market imbalances or economic downturns, leading to poor investment returns. These risks are heightened for companies in the materials sector located in foreign markets.

**Risk of Investing in the Oil and Gas Industry.** Companies in the oil and gas industry are strongly affected by the levels and volatility of global energy prices, oil and gas supply and demand, government regulations and policies, oil and gas production and conservation efforts and technological change. The oil and gas industry is cyclical and from time to time may experience a shortage of drilling rigs, equipment, supplies or qualified personnel, or due to significant demand, such services may not be available on commercially reasonable terms. Prices and supplies of oil and gas may fluctuate significantly over short and long periods of time due to national and international political changes, OPEC policies, changes in relationships among OPEC members and between OPEC and oil-importing nations, the regulatory environment, taxation policies, and the economies of key energy-consuming countries. Disruptions in the oil sub-industry or shifts in energy consumption may significantly impact companies in this industry. For instance, significant oil and gas deposits are located in emerging market countries where corruption and security may raise significant risks, in addition to the other risks of investing in emerging markets. In addition, the Middle East, where many companies in the oil and gas industry may operate, has recently experienced widespread social unrest. Oil and gas companies operate in a highly competitive industry, with intense price competition. A significant portion of their revenues may depend on a relatively small number of customers, including governmental entities and utilities.

**Risk of Investing in the Real Estate Industry.** Companies in the real estate industry include companies that invest in real estate, such as a real estate investment trust (“REIT”) or a real estate holding company (collectively, “Real Estate Companies”). Investing in Real Estate Companies exposes investors to the risks of owning real estate directly, as well as to risks that relate specifically to the way in which Real Estate Companies are organized and operated. The real estate industry is highly sensitive to general and local economic conditions and developments, and characterized by intense competition and periodic overbuilding. Investing in Real Estate Companies involves various risks. Some risks that are specific to Real Estate Companies are discussed in greater detail below.

*Interest Rate Risk.* Rising interest rates could result in higher costs of capital for Real Estate Companies, which could negatively impact a Real Estate Company’s ability to meet its payment obligations.

*Leverage Risk.* Real Estate Companies may use leverage (and some may be highly leveraged), which increases investment risk and could adversely affect a Real Estate Company’s operations and market value in periods of rising interest rates. Real Estate Companies are also exposed to the risks normally associated with debt financing. Financial covenants related to a Real Estate Company’s leverage may affect the ability of the Real Estate Company to operate effectively. In addition, real property may be

subject to the quality of credit extended and defaults by borrowers and tenants. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of a Real Estate Company to make payments of any interest and principal on its debt securities will be adversely affected.

*Property Risk.* Real Estate Companies may be subject to risks relating to functional obsolescence or reduced desirability of properties; extended vacancies due to economic conditions and tenant bankruptcies; catastrophic events such as earthquakes, hurricanes and terrorist acts; and casualty or condemnation losses. Real estate income and values also may be greatly affected by demographic trends, such as population shifts or changing tastes and values, or increasing vacancies or declining rents resulting from legal, cultural, technological, global or local economic developments.

*Management Risk.* Real Estate Companies are dependent upon management skills and may have limited financial resources. Real Estate Companies are generally not diversified and may be subject to heavy cash flow dependency, default by borrowers and voluntary liquidation. In addition, transactions between Real Estate Companies and their affiliates may be subject to conflicts of interest, which may adversely affect a Real Estate Company's shareholders. A Real Estate Company may also have joint venture investments in certain of its properties and, consequently, its ability to control decisions relating to such properties may be limited.

*Liquidity Risk.* Investing in Real Estate Companies may involve risks similar to those associated with investing in small-capitalization companies. Real Estate Company securities, like the securities of small-capitalization companies, may be more volatile than, and perform differently from, shares of large-capitalization companies. There may be less trading in Real Estate Company shares, which means that buy and sell transactions in those shares could have a magnified impact on share price, resulting in abrupt or erratic price fluctuations. In addition, real estate is relatively illiquid and, therefore, a Real Estate Company may have a limited ability to vary or liquidate properties in response to changes in economic or other conditions.

*Concentration Risk.* Real Estate Companies may own a limited number of properties and concentrate their investments in a particular geographic region or property type.

*U.S. Tax Risk.* Certain U.S. Real Estate Companies are subject to special U.S. federal tax requirements. A REIT that fails to comply with such tax requirements may be subject to U.S. federal income taxation, which may affect the value of the REIT and the characterization of the REIT's distributions. The U.S. federal tax requirement that a REIT distribute substantially all of its net income to its shareholders may result in a REIT having insufficient capital for future expenditures.

*Regulatory Risk.* Real estate income and values may be adversely affected by such factors as applicable domestic and foreign laws (including tax laws). Government actions, such as tax increases, zoning law changes or environmental regulations, also may have a major impact on real estate.

**Risk of Investing in the Technology Sector.** Technology companies are characterized by periodic new product introductions, innovations and evolving industry standards, and, as a result, face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. Companies in the technology sector are often smaller and less experienced companies and may be subject to greater risks than larger companies; these risks may be heightened for technology companies in foreign markets. Technology companies may have limited product lines, markets, financial resources or personnel. The products of technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction, changes in consumer and business purchasing patterns, unpredictable changes in growth rates and competition for the services of qualified personnel. In addition, a rising interest rate environment tends to negatively affect companies in the technology sector because, in such an environment, those companies with high market valuations may appear less attractive to investors, which may cause sharp decreases in the companies' market prices. Companies in the technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. The technology sector may also be adversely affected by changes or trends in commodity prices, which may be influenced or characterized by unpredictable factors. Finally, while all companies may be susceptible to network security breaches, certain companies in the technology sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

**Risk of Investing in the Telecommunications Sector.** The telecommunications sector of a country's economy is often subject to extensive government regulation. The costs of complying with governmental regulations, delays or failure to receive required regulatory approvals, or the enactment of new regulatory requirements may negatively affect the business of

telecommunications companies. Government actions around the world, specifically in the area of pre-marketing clearance of products and prices, can be arbitrary and unpredictable. Companies in the telecommunications sector may experience distressed cash flows due to the need to commit substantial capital to meet increasing competition, particularly in developing new products and services using new technology. Technological innovations may make the products and services of certain telecommunications companies obsolete. Finally, while all companies may be susceptible to network security breaches, certain companies in the telecommunications sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

**Risk of Investing in the Utilities Sector.** The utilities sector may be adversely affected by changing commodity prices, government regulation stipulating rates charged by utilities, increased tariffs, changes in tax laws, interest rate fluctuations and changes in the cost of providing specific utility services. The utilities industry is also subject to potential terrorist attacks, natural disasters and severe weather conditions, as well as regulatory and operational burdens associated with the operation and maintenance of nuclear facilities. Government regulators monitor and control utility revenues and costs, and therefore may limit utility profits. In certain countries, regulatory authorities may also restrict a company's access to new markets, thereby diminishing the company's long-term prospects.

There are substantial differences among the regulatory practices and policies of various jurisdictions, and any regulatory agency may make major shifts in policy from time to time. There is no assurance that regulatory authorities will, in the future, grant rate increases. Additionally, existing and possible future regulatory legislation may make it even more difficult for utilities to obtain adequate relief. Certain of the issuers of securities held in a Fund's portfolio may own or operate nuclear generating facilities. Governmental authorities may from time to time review existing policies and impose additional requirements governing the licensing, construction and operation of nuclear power plants. Prolonged changes in climate conditions can also have a significant impact on both the revenues of an electric and gas utility as well as the expenses of a utility, particularly a hydro-based electric utility.

The rates that traditional regulated utility companies may charge their customers generally are subject to review and limitation by governmental regulatory commissions. Rate changes may occur only after a prolonged approval period or may not occur at all, which could adversely affect utility companies when costs are rising. The value of regulated utility debt securities (and, to a lesser extent, equity securities) tends to have an inverse relationship to the movement of interest rates. Certain utility companies have experienced full or partial deregulation in recent years. These utility companies are frequently more similar to industrial companies in that they are subject to greater competition and have been permitted by regulators to diversify outside of their original geographic regions and their traditional lines of business. As a result, some companies may be forced to defend their core business and may be less profitable. Deregulation may also permit a utility company to expand outside of its traditional lines of business and engage in riskier ventures.

## Proxy Voting Policy

The Board has delegated the voting of proxies for each Fund's securities to BFA pursuant to BFA's proxy voting guidelines and procedures (the "BlackRock Proxy Voting Guidelines"). Under the BlackRock Proxy Voting Guidelines, BFA will vote proxies related to Fund securities in the best interests of a Fund and its shareholders. From time to time, a vote may present a conflict between the interests of a Fund's shareholders, on the one hand, and those of BFA, or any affiliated person of a Fund or BFA, on the other. BFA maintains policies and procedures that are designed to prevent undue influence on BFA's proxy voting activity that might stem from any relationship between the issuer of a proxy (or any dissident shareholder) and BFA, BFA's affiliates, a Fund or a Fund's affiliates. Most conflicts are managed through a structural separation of BFA's Corporate Governance Group from BFA's employees with sales and client responsibilities. In addition, BFA maintains procedures to ensure that all engagements with corporate issuers or dissident shareholders are managed consistently and without regard to BFA's relationship with the issuer of the proxy or the dissident shareholder. In certain instances, BFA may determine to engage an independent fiduciary to vote proxies as a further safeguard to avoid potential conflicts of interest or as otherwise required by applicable law. Copies of the Funds' Proxy Voting Policy and the BlackRock Proxy Voting Guidelines are attached as Appendix A.

Information with respect to how BFA voted proxies relating to the Funds' portfolio securities during the 12-month period ended June 30 is available: (i) without charge, upon request, by calling 1-800-iShares (1-800-474-2737) or through the Funds' website at [www.iShares.com](http://www.iShares.com); and (ii) on the SEC's website at [www.sec.gov](http://www.sec.gov).

# Portfolio Holdings Information

The Board has adopted a policy regarding the disclosure of the Funds' portfolio holdings information that requires that such information be disclosed in a manner that: (i) is consistent with applicable legal requirements and in the best interests of each Fund's respective shareholders; (ii) does not put the interests of BFA, the Distributor or any affiliated person of BFA or the Distributor, above those of Fund shareholders; (iii) does not advantage any current or prospective Fund shareholders over any other current or prospective Fund shareholders, except to the extent that certain Entities (as described below) may receive portfolio holdings information not available to other current or prospective Fund shareholders in connection with the dissemination of information necessary for transactions in Creation Units, as discussed below, and certain information may be provided to personnel of BFA and its affiliates who manage funds that invest a significant percentage of their assets in shares of the Fund for the purpose of facilitating risk management and hedging activities; and (iv) does not provide selective access to portfolio holdings information except pursuant to the procedures outlined below and to the extent appropriate confidentiality arrangements limiting the use of such information are in effect. The "Entities" referred to in sub-section (iii) above are generally limited to National Securities Clearing Corporation ("NSCC") members, subscribers to various fee-based subscription services, large institutional investors (known as "Authorized Participants") that have been authorized by the Distributor to purchase and redeem large blocks of shares pursuant to legal requirements and market makers and other institutional market participants and entities that provide information or transactional services.

Each business day, each Fund's portfolio holdings information is provided to the Distributor or other agent for dissemination through the facilities of the NSCC and/or other fee-based subscription services to NSCC members and/or subscribers to those other fee-based subscription services, including market makers and Authorized Participants, and to entities that publish and/or analyze such information in connection with the process of purchasing or redeeming Creation Units or trading shares of the Funds in the secondary market or evaluating such potential transactions. This information typically reflects each Fund's anticipated holdings on the following business day.

Daily access to information concerning the Funds' portfolio holdings is permitted (i) to certain personnel of those service providers that are involved in portfolio management and providing administrative, operational, risk management, or other support to portfolio management; and (ii) to other personnel of the Funds' investment adviser, the Distributor and their affiliates, and the administrator, custodian and fund accountant who deal directly with, or assist in, functions related to investment management, distribution, administration, custody, securities lending and fund accounting, as may be necessary to conduct business in the ordinary course in a manner consistent with federal securities laws and regulations thereunder. In addition, each Fund discloses its fixed-income and/or equity portfolio holdings daily at [www.iShares.com](http://www.iShares.com). More information about this disclosure is available at [www.iShares.com](http://www.iShares.com).

Portfolio holdings information made available in connection with the creation/redemption process may be provided to other entities that provide services to the Funds in the ordinary course of business after it has been disseminated to the NSCC. From time to time, information concerning portfolio holdings other than portfolio holdings information made available in connection with the creation/redemption process, as discussed above, may be provided to other entities that provide services to the Funds, including rating or ranking organizations, in the ordinary course of business, no earlier than one business day following the date of the information.

Each Fund discloses its complete portfolio holdings schedule in public filings with the SEC within 70 days of the end of the second and fourth fiscal quarters and within 60 days of the end of the first and third fiscal quarters and will provide such information to shareholders as required by federal securities laws and regulations thereunder. A Fund may, however, voluntarily disclose all or part of its portfolio holdings other than in connection with the creation/redemption process, as discussed above, in advance of required filings with the SEC, provided that such information is made generally available to all shareholders and other interested parties in a manner that is consistent with the above policy for disclosure of portfolio holdings information. Such information may be made available through a publicly-available website or other means that make the information available to all likely interested parties contemporaneously.

The Trust's Chief Compliance Officer or his delegate may authorize disclosure of portfolio holdings information pursuant to the above policy and procedures, subject to restrictions on selective disclosure imposed by applicable law.

The Board reviews the policy and procedures for disclosure of portfolio holdings information at least annually.

# Construction and Maintenance of the Underlying Indexes

Descriptions of the Underlying Indexes are provided below.

## The FTSE Global Equity Index Series

### FTSE China 50 Index

#### Number of Components: 50

**Index Description.** The FTSE China 50 (the “Underlying Index”) is designed to track the performance of the largest companies in the Chinese equity market that are available to international investors. The Underlying Index consists of 50 of the largest and most liquid Chinese companies. The securities in the Underlying Index are weighted based on the total market value of their shares. The securities in the Underlying Index are weighted based on their free float-adjusted market capitalization. The Underlying Index constituents are screened for liquidity and individual constituent weights are capped at 10% to avoid over-concentration in any one stock.

As of July 31, 2016, the Underlying Index consists of “Red Chip” shares, “H” shares and “P Chip” shares.

**H Shares:** Securities of companies incorporated in the PRC and nominated by the Central Government for listing and trading on the Stock Exchange of Hong Kong. Specifically, they are the foreign shares of a PRC issuer which are listed on the Stock Exchange of Hong Kong.

**Red Chips:** FTSE defines Red Chips as companies incorporated outside the PRC that trade on the Stock Exchange of Hong Kong which are substantially owned, directly or indirectly, by Mainland China state entities and with the majority of revenue or assets derived from Mainland China.

**P Chips:** FTSE defines P Chips as companies controlled by mainland individuals, with the establishment and origin of the company in mainland China. P Chips must be incorporated outside of the PRC and traded on the Stock Exchange of Hong Kong with a majority of revenues or assets derived from Mainland China.

**Component Selection Criteria.** The Underlying Index is primarily rule-based, but is also monitored by a governing committee. The Secretary to the Underlying Index is responsible for conducting a quarterly review of constituents for the Underlying Index and for recommending to the governing committee any constituents to be inserted or deleted as part of the quarterly review. All eligible securities are ranked by their full market capitalizations.

**Eligibility.** Each security included in the Underlying Index is a current constituent of the FTSE All-World Index, an index of the FTSE Global Equity Index Series. All classes of equity securities in issue are eligible for inclusion in the Underlying Index subject to conforming with free-float and liquidity restrictions.

**Liquidity.** Stocks are screened to ensure there is sufficient liquidity to be traded. 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 analyzed on a monthly basis to review liquidity.

**Index Maintenance and Issue Changes.** The FTSE Global Classification Committee is responsible for the industry classification of constituents of the Underlying Index within the FTSE Global Classification System. The FTSE Global Classification Committee may approve changes to the FTSE Global Classification System and Management Rules. FTSE International Limited (“FTSE”) appoints the Chairman and Deputy Chairman of the Underlying Index. The Chairman, or in his absence Deputy Chairman, will chair meetings of the Committee and will represent that Committee outside meetings. The Chairman and Deputy Chairman of the Index Committee are collectively responsible for approving constituent changes to the Underlying Index between meetings of the Committee on advice from the Secretary to the Committee and as permitted and as specified by the Underlying Index’s Ground Rules.

**Additions.** A company is added to the Underlying Index at the periodic review if it rises to the 40th position or above when the eligible companies are ranked by full market value before the application of any investability weightings.

**Deletions.** A company in the Underlying Index is deleted at the periodic review if it falls to the 61st position or below when the eligible companies are ranked by full market value before the application of any investability weighting. Any deletion to the Underlying Index will simultaneously entail an addition to the Underlying Index in order to maintain 50 Index constituents at all times.

**Revisions to the Float Adjustments.** The Underlying Index is reviewed quarterly for changes in free float. These reviews coincide with quarterly reviews undertaken of the Underlying Index. Implementation of any changes takes place after the close of the Underlying Index calculation on the third Friday in March, June, September and December.

**Quarterly Index Rebalancing.** The quarterly review of the Underlying Index constituents takes place in March, June, September and December. Any constituent changes are implemented on the next trading day following the third Friday of the same month of the review meeting. Details of the outcome of the review and the dates on which any changes are to be implemented are published as soon as possible after the Index Committee meeting has concluded. Significant Underlying Index rebalancing may cause funds based on the Underlying Index to experience trading error.

**Index Availability.** The Underlying Index is calculated continuously during Hong Kong trading hours and is widely disseminated to major data vendors. The Underlying Index will not be calculated on Hong Kong public holidays.

**Exchange Rates and Pricing.** The Underlying Index uses Reuters' real-time foreign exchange spot rates and Reuters' real-time security prices. The Underlying Index is calculated in Hong Kong Dollars. Non-Hong Kong Dollar denominated constituent prices are converted to Hong Kong Dollars in order to calculate the Underlying Index. The foreign exchange rates and security prices received from Reuters at the closing time of the Underlying Index are used to calculate the final index levels.

## The MSCI Indexes

The MSCI indexes were founded in 1969 by Capital International S.A. as international performance benchmarks constructed to facilitate comparison of world markets. The MSCI single country standard equity indexes have covered the world's developed markets since 1969 and in 1987 MSCI commenced coverage of emerging markets.

Local stock exchanges traditionally calculated their own indexes, which were generally not comparable with one another due to differences in the representation of the local market, mathematical formulas, base dates and methods of adjusting for capital changes. MSCI, however, applies the same calculation methodology to all markets for all single country standard equity indexes, both developed and emerging.

MSCI's Global Investable Market Indexes (the "MSCI GIMI") provide coverage and non-overlapping market segmentation by market capitalization size and by style. The MSCI GIMI intends to target approximately 99% coverage of the free float-adjusted market capitalization in each market of large-, mid- and small-cap securities.

- MSCI Global Standard Indexes cover all investable large- and mid-cap securities by including approximately 85% of each market's free float-adjusted market capitalization.
- MSCI Global Small Cap Indexes provide coverage to all companies with a market capitalization below that of the companies in the MSCI Global Standard Indexes by including above and beyond the coverage of the MSCI Global Standard Indexes.

### MSCI Global Investable Market Indexes

**Selection Criteria.** MSCI's index construction process involves: (i) defining the equity universe; (ii) determining the market investable equity universe for each market; (iii) determining market capitalization size segments for each market; (iv) applying final size segment investability requirements; and (v) applying index continuity rules for the MSCI Global Standard Index.

**Defining the Equity Universe.** MSCI begins with securities listed in countries in the MSCI GIMI. As of October 31, 2016, 23 are classified as developed markets, 23 as emerging markets, and 22 as frontier markets. All listed equity securities and listed securities that exhibit characteristics of equity securities, except mutual funds, ETFs, equity derivatives, limited partnerships

and most investment trusts, are eligible for inclusion in the equity universe. REITs in some countries and certain income trusts in Canada are also eligible for inclusion. Each company and its securities (*i.e.*, share classes) are classified in only one country.

**Determining the Market Investable Equity Universe for Each Market.** The equity universe in any market is derived by applying investability screens to individual companies and securities in the equity universe of that market. Some investability requirements are applied at the individual security level and some at the overall company level, represented by the aggregation of individual securities of the company. As a result, the inclusion or exclusion of one security does not imply the automatic inclusion or exclusion of other securities of the same company.

**Determining Market Capitalization Size Segments for Each Market.** In each market, MSCI creates an Investable Market Index, Standard Index, Large Cap Index, Mid Cap Index and Small Cap Index. The MSCI Global Standard Index is the aggregation of the Large Cap Index and Mid Cap Index. The MSCI GIMI is the aggregation of the MSCI Global Standard Index and MSCI Global Small Cap Index. In order to create size components that can be meaningfully aggregated into composites, individual market size segments balance the following two objectives:

- Achieving global size integrity by ensuring that companies of comparable and relevant sizes are included in a given size segment across all markets in a composite index; and
- Achieving consistent market coverage by ensuring that each market's size segment is represented in its proportional weight in the composite universe.

**Applying Final Size Segment Investability Requirements.** In order to enhance replicability of the indexes, additional size segment investability requirements are set for the MSCI GIMI and MSCI Global Standard Index. These investability requirements include minimum free float-adjusted market capitalization, minimum liquidity, minimum foreign limits and minimum length of trading.

**Applying Index Continuity Rules for the Standard Index.** In order to achieve index continuity as well as provide some basic level of diversification within a market index, notwithstanding the effect of other index construction rules contained herein, a minimum number of five constituents will be maintained for a developed market Standard Index and a minimum number of three constituents will be maintained for an emerging market Standard Index.

**Weighting.** All indexes of the MSCI GIMI are free float weighted, *i.e.*, companies are included in the indexes at the value of their free public float (free float multiplied by security price).

**Regional Weights.** Market capitalization-weighting, combined with a consistent target of approximately 99% of free float-adjusted market capitalization, helps ensure that each country's weight in regional and international indexes approximates its weight in the total universe of developing and emerging markets. A market is equivalent to a single country except for developed Europe, where all markets are aggregated into a single market for index construction purposes. Individual country indexes of the European developed markets are derived from the constituents of the MSCI GIMI Europe Index.

**Free Float.** MSCI defines the free float of a security as the proportion of shares outstanding that are deemed to be available for purchase in the public equity markets by international investors. In practice, limitations on free float available to international investors include: (i) strategic and other shareholdings not considered part of available free float; and (ii) limits on share ownership for foreigners.

Under MSCI's free float-adjustment methodology, a constituent's inclusion factor is equal to its estimated free float rounded-up to the closest 5% for constituents with free float equal to or exceeding 15%. For example, a constituent security with a free float of 23.2% will be included in the index at 25% of its market capitalization. For securities with a free float of less than 15%, the estimated free float is adjusted to the nearest 1%.

## Price and Exchange Rates

**Prices.** The prices used to calculate all MSCI indexes are the official exchange closing prices or those figures accepted as such. MSCI reserves the right to use an alternative pricing source on any given day.

**Exchange Rates.** Since July 2000, MSCI uses the World Markets/Reuters Closing Spot Rates taken at 4:00 p.m. London time. In case World Markets/Reuters does not provide rates for specific markets on given days (for example, Christmas Day and New Year's Day), the previous business day's rates are normally used. MSCI independently monitors the exchange rates on all

its indexes. MSCI may under exceptional circumstances elect to use alternative sources of exchange rates if the World Markets/Reuters rates are not available, or if MSCI determines that the World Markets/Reuters rates are not reflective of market circumstances for a given currency on a particular day. In such circumstances, an announcement would be sent to clients with the related information. If appropriate, MSCI may conduct a consultation with the investment community to gather feedback on the most relevant exchange rate.

**Changes to the Indexes.** The MSCI GIMI is maintained with the objective of reflecting, on a timely basis, the evolution of the underlying equity markets. In maintaining the MSCI indexes, emphasis is also placed on continuity, replicability and minimizing turnover in the indexes. Maintaining the MSCI indexes involves many aspects, including (i) additions to, and deletions from, the indexes; (ii) changes in number of shares; and (iii) changes in inclusion factors as a result of updated free float estimates.

Index maintenance can be described by three broad categories of changes:

- Semi-Annual Index Reviews (“SAIRs”), conducted on a fixed semi-annual timetable that systematically reassess the various dimensions of the equity universe for all markets;
- Quarterly Index Reviews (“QIRs”), aimed at promptly reflecting other significant market events; and
- Ongoing event-related changes, such as mergers, acquisitions, spin-offs, bankruptcies, reorganizations and other similar corporate events, which generally are implemented in the indexes as they occur.

Potential changes in the status of countries (stand-alone, frontier, emerging and developed) follow their own implementation time tables.

MSCI conducts SAIRs generally as of the close of the last business day of May and November. During the SAIRs, MSCI updates the investable equity universe and reassesses size segmentation investability requirements. MSCI also conducts QIRs generally as of the close of the last business day of February and August. During the QIRs, MSCI reflects changes in the index that were not captured at the time of their actual occurrence, but are significant enough to be included before the next SAIR. The results of the SAIR and QIR are generally announced at least ten business days in advance of implementation.

## **MSCI 25/50 Indexes**

Each of the MSCI 25/50 Indexes (the “25/50 Indexes”) is a sub-index of either an MSCI Global Standard Index or an MSCI GIMI. Their construction reflects the diversification requirements applicable to RICs pursuant to Subchapter M of the Internal Revenue Code. The 25/50 Indexes are free float-adjusted market capitalization-weighted indexes with a capping methodology applied to issuer weights so that no single issuer of a component exceeds 25% of index weight, and all issuers with a weight above 5% do not cumulatively exceed 50% of the index weight. A software application called the Barra Optimizer is utilized to calculate the capped index weights through an optimization function which is aimed at minimizing index turnover, tracking error and extreme deviation from the uncapped index.

## **MSCI EAFE Growth Index**

### **Number of Components: approximately 542**

**Index Description.** The MSCI EAFE Growth Index is a subset of the MSCI EAFE Index and constituents of the Underlying Index include securities from Europe, Australasia and the Far East. The Underlying Index generally represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE Index and consists of those securities classified by MSCI as most representing the growth style. Securities classified as growth style generally tend to have higher forecasted growth rates, lower book value to price ratios, lower forward earnings to price ratios and lower dividend yields than securities representing the value style. MSCI uses a specialized framework to attribute both growth and value style characteristics to each security within the MSCI EAFE Index. Each security is evaluated based on certain value factors and growth factors, which are then used to calculate a growth score and value score. Based upon these two scores, MSCI determines the extent to which each security is assigned to the growth or value style. It is possible for a single security to have representation in both the growth and value style indexes, however, no more than 100% of a security’s float-adjusted market capitalization will be included within the combined style framework.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies’ country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by

applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

#### **MSCI EAFE Index**

**Number of Components: approximately 930**

**Index Description.** The MSCI EAFE Index is commonly used as a measure of international stock performance. Constituents of the Underlying Index include securities from Europe, Australasia and the Far East.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

#### **MSCI EAFE Minimum Volatility (USD) Index**

**Number of Components: approximately 231**

**Index Description.** The MSCI EAFE Minimum Volatility (USD) Index measures the performance of international equity securities from Europe, Australasia, the Middle East and the Far East that, in the aggregate, have lower relative volatility. Component companies include consumer staples, financials and healthcare companies. Each security included in the Underlying Index is a current constituent of the MSCI EAFE® Index.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

#### **MSCI EAFE Small Cap Index**

**Number of Components: approximately 2,240**

The MSCI EAFE Small Cap Index represents the small-cap universe (i.e., listed securities with a market capitalization in the range of \$23 million - \$6.3 billion) of the MSCI EAFE IMI Index, and consists of the securities of those companies whose securities are included in the MSCI GIMI but not the MSCI Global Standard Index in a particular market.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

#### **MSCI EAFE Value Index**

**Number of Components: approximately 507**

**Index Description.** The MSCI EAFE Value Index is a subset of the MSCI EAFE Index and constituents of the Underlying Index include securities from Europe, Australasia and the Far East. The Underlying Index generally represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE Index and consists of those securities classified by MSCI as most representing the value style. Securities classified as value style generally tend to have higher book value to price ratios, higher forward earnings to price ratios, higher dividend yields and lower forecasted growth rates than securities representing the growth style. MSCI uses a specialized framework to attribute both value and growth style characteristics to each security within the MSCI EAFE Index. Each security is evaluated based on certain value factors and growth factors, which are then used to calculate a growth score and value score. Based upon these two scores, MSCI determines the extent to which each security is assigned to the value or growth style. It is possible for a single security to have representation in both the value

and growth style indexes, however, no more than 100% of a security's float-adjusted market capitalization will be included within the combined style framework.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

### **MSCI Europe Financials Index**

#### **Number of Components: approximately 98**

**Index Description.** The MSCI Europe Financials Index is a free float-adjusted market capitalization-weighted index designed to measure the combined equity market performance of the financials sector of developed market countries in Europe. As of June 30, 2016, component securities include those of banks, diversified financial companies, insurance companies and real estate companies.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

### **MSCI Europe Minimum Volatility (USD) Index**

#### **Number of Components: approximately 141**

**Index Description.** The MSCI Europe Minimum Volatility (USD) Index aims to reflect the performance characteristics of a minimum volatility strategy applied to the large- and mid-capitalization equity universe across the European Developed Markets ("DM") countries. DM countries in Europe include: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. The index is calculated by optimizing the MSCI Europe Index, its parent index, in USD for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI Europe Index.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

### **MSCI Europe Small Cap Index**

#### **Number of Components: approximately 950**

**Index Description.** The MSCI Europe Small Cap Index is a free float-adjusted, market capitalization-weighted index that captures small-cap representation across the 15 developed market countries in Europe. The Index covers approximately 14% of the free float-adjusted market capitalization in the European equity universe. As of June 30, 2016, the Index consisted of securities from the following countries or regions: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends

means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

### **MSCI Japan Minimum Volatility (USD) Index**

#### **Number of Components: approximately 176**

**Index Description.** The MSCI Japan Minimum Volatility (USD) Index aims to reflect the performance characteristics of a minimum volatility strategy applied to the large- and mid- capitalization Japan equity universe. The Underlying Index is calculated by optimizing the MSCI Japan Index, its parent index, in USD for the lowest absolute risk (within a given set of constraints). Historically, the Underlying Index has shown lower beta and volatility characteristics relative to the MSCI Japan Index.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

### **MSCI USA Diversified Multiple-Factor Index**

#### **Number of Components: approximately 135**

**Index Description.** The MSCI USA Diversified Multiple-Factor Index is constructed using optimization at each rebalance that is designed to maximize the Underlying Index's exposure to the equal-weighted combination of four target style factors (value, quality, momentum and low size) while still maintaining total risk similar to that of the parent index.

**Index Methodology.** The methodology uses a composite alpha score (by equal weighting the four style factor scores) as an input to the optimizer. At each rebalance, the optimizer aims to maximize overall exposure to the four style factors, which have historically outperformed the broad market, via the composite alpha and maintain a level of forecast risk similar to that of the parent index, while also limiting turnover and extreme exposures to sectors/countries/component weights/non-target style factors. The optimizer selects securities from the parent index and assigns weights such that the optimization objective and constraints are best satisfied.

The Index is rebalanced semi-annually coinciding with the MSCI May and November semi-annual Index Review.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with gross dividends reinvested. The use of gross dividends reflects the assumed reinvestment of the entire dividend distributed to holders of the underlying stock, without any adjustment for taxes or withholding.

### **MSCI USA Minimum Volatility (USD) Index**

#### **Number of Components: approximately 177**

**Index Description.** The MSCI USA Minimum Volatility (USD) Index measures the performance of equity securities in the top 85% by market capitalization of equity securities listed on stock exchanges in the United States that have lower absolute volatility. As of June 30, 2016, the Underlying Index had 177 constituents. Component companies included consumer staples, financials and healthcare companies. Each security included in the Underlying Index is a current constituent of the MSCI USA Index.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with gross dividends reinvested. The use of gross dividends reflects the assumed reinvestment of the entire dividend distributed to holders of the underlying stock, without any adjustment for taxes or withholding.

### **MSCI USA Momentum Index**

#### **Number of Components: approximately 122**

**Index Description.** The MSCI USA Momentum Index consists of stocks exhibiting relatively higher momentum characteristics than the traditional market capitalization-weighted parent index, the MSCI USA Index, which includes U.S.

large- and mid-capitalization stocks. A risk-adjusted price momentum, defined as the excess return over the risk-free rate divided by the annualized standard deviation of weekly returns over the past 3-years, is calculated for each security in the parent index over 6- and 12-month time periods. The 6- and 12-month risk-adjusted price momentum calculations are then standardized at  $\pm 3$  standard deviations and the standardized z-scores are translated into an average momentum score. Approximately 100-350 securities with the highest momentum scores are selected for inclusion in the Underlying Index. The weight of each index constituent is determined by multiplying the security's momentum score by its free-float market capitalization.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with gross dividends reinvested. The use of gross dividends reflects the assumed reinvestment of the entire dividend distributed to holders of the underlying stock, without any adjustment for taxes or withholding.

### **MSCI USA Sector Neutral Quality Index**

#### **Number of Components: approximately 125**

**Index Description.** The MSCI USA Sector Neutral Quality Index is based on a traditional market capitalization-weighted parent index, the MSCI USA Index, which includes U.S. large- and mid-capitalization stocks. The Underlying Index seeks to capture the performance of stocks that exhibit higher quality characteristics relative to their peers within the same Global Industry Classification Standard (GICS®) sector. To construct the Underlying Index, the quality score of each security in the parent index is determined based on three main fundamental variables: high return on equity, low earnings variability and low debt-to-equity.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with gross dividends reinvested. The use of gross dividends reflects the assumed reinvestment of the entire dividend distributed to holders of the underlying stock, without any adjustment for taxes or withholding.

### **MSCI USA Small Cap Diversified Multiple-Factor Index**

#### **Number of Components: approximately 574**

**Index Description.** The MSCI USA Small Cap Diversified Multiple-Factor Index is constructed using optimization at each rebalance that is designed to maximize the Underlying Index's exposure to the equal-weighted combination of four target style factors (value, quality, momentum and low size) while still maintaining total risk similar to that of the parent index.

**Index Methodology.** The methodology uses a composite alpha score (by equal weighting the four style factor scores) as an input to the optimizer. At each rebalance, the optimizer aims to maximize overall exposure to the four style factors, which have historically outperformed the broad market, via the composite alpha and maintain a level of forecast risk similar to that of the parent index, while also limiting turnover and extreme exposures to sectors/countries/component weights/non-target style factors. The optimizer selects securities from the parent index and assigns weights such that the optimization objective and constraints are best satisfied.

The Index is rebalanced semi-annually coinciding with the MSCI May and November semi-annual Index Review.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with gross dividends reinvested. The use of gross dividends reflects the assumed reinvestment of the entire dividend distributed to holders of the underlying stock, without any adjustment for taxes or withholding.

### **MSCI USA Risk Weighted Index**

#### **Number of Components: approximately 622**

**Index Description.** The MSCI USA Risk Weighted Index is based on a traditional market capitalization-weighted parent index, the MSCI USA Index, which includes U.S. large- and mid- capitalization stocks. The Underlying Index considers the "size" (market capitalization) of individual stocks in the parent index and generally is expected to have a smaller average market capitalization than the parent index. The Underlying Index reweights each security of the parent index using a rules-based methodology so that stocks with smaller average market capitalization and lower risk weightings based on the index provider's methodology constitute a higher percentage of the index. The risk weighting of each security is calculated using the inverse of its historical variance, estimated based on three years of weekly return data. The Underlying Index seeks to

provide negative exposure to two systematic factors, the size factor and volatility factor, by emphasizing stocks with smaller average market capitalization and lower realized volatility than its parent index.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with gross dividends reinvested. The use of gross dividends reflects the assumed reinvestment of the entire dividend distributed to holders of the underlying stock, without any adjustment for taxes or withholding.

#### **MSCI USA Enhanced Value Index**

##### **Number of Components: approximately 150**

**Index Description.** The MSCI USA Enhanced Value Index is based on a traditional market capitalization-weighted parent index, the MSCI USA Index, which includes U.S. large- and mid- capitalization stocks. The Underlying Index is designed to represent the performance of securities in the parent index that exhibit higher value characteristics relative to their peers within the corresponding Global Industry Classification Standard (GICS®) sector. To construct the Underlying Index, the value weighting of each security in the parent index is determined using three variables: price-to-book value, price-to-forward earnings and enterprise value-to-cash flow from operations.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with gross dividends reinvested. The use of gross dividends reflects the assumed reinvestment of the entire dividend distributed to holders of the underlying stock, without any adjustment for taxes or withholding.

#### **MSCI World ex USA Diversified Multiple-Factor Index**

##### **Number of Components: approximately 235**

**Index Description.** The MSCI World ex USA Diversified Multiple-Factor Index is constructed using optimization at each rebalance that is designed to maximize the Underlying Index's exposure to the equal-weighted combination of four target style factors (value, quality, momentum and low size) while still maintaining total risk similar to that of the parent index.

**Index Methodology.** The methodology uses a composite alpha score (by equal weighting the four style factor scores) as an input to the optimizer. At each rebalance, the optimizer aims to maximize overall exposure to the four style factors, which have historically outperformed the broad market, via the composite alpha and maintain a level of forecast risk similar to that of the parent index, while also limiting turnover and extreme exposures to sectors/countries/component weights/non-target style factors. The optimizer selects securities from the parent index and assigns weights such that the optimization objective and constraints are best satisfied.

The Index is rebalanced semi-annually coinciding with the MSCI May and November semi-annual Index Review.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies' country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

#### **MSCI World ex USA Enhanced Value Index**

##### **Number of Components: approximately 350**

**Index Description.** The investment results of the MSCI World ex USA Enhanced Value Index are based on a traditional market capitalization-weighted parent index, the MSCI World ex USA Index (the "Parent Index"), which includes large- and mid-capitalization stocks across the following 19 developed market countries or regions: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Israel, Italy, Japan, the Netherlands, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom. As of June 30, 2016, there were 350 issues in the Underlying Index. The Underlying Index consists of a fixed number of securities constituting a subset of the Parent Index and is designed to represent the performance of securities that exhibit higher value style characteristics relative to their peers within the corresponding Global Industry Classification Standard (GICS®) sector. The value style characteristics for index construction are defined using three accounting variables based on publicly reported financial data: Price-to-Book Value, Price-to-Forward Earnings and Enterprise Value-to-Cash Flow from Operations. The fixed number of securities included in the Underlying Index is evaluated semi-annually.

**Calculation Methodology.** The Underlying Index is designed to represent the performance of securities that exhibit relatively higher value characteristics within the Parent Index. The value score for each security is calculated by combining the scores of three valuation descriptors, namely, Price-to-Book Value, Price-to-Forward Earnings and Enterprise Value-to-Cash Flow from Operations. The indexes are constructed with a fixed number of securities approach choosing constituents from their Parent Index based on their Final Value Scores. Coinciding with the semi-annual index reviews of the Parent Index, the MSCI Enhanced Value Indexes are rebalanced on the last business day of May and November.

#### **MSCI World ex USA Momentum Index**

**Number of Components: approximately 299**

**Index Description.** The MSCI World ex USA Momentum Index, consists of stocks exhibiting relatively higher momentum characteristics than the traditional market capitalization-weighted parent index, the MSCI World ex USA Index (the “Parent Index”), which includes large- and mid-capitalization equity securities in the top 85% of equity market capitalization in certain developed market countries, excluding the U.S. It is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum, while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover. As of June 30, 2016, the Underlying Index consisted of companies in the following 22 countries or regions: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

**Calculation Methodology.** The MSCI World ex USA Momentum Index holds a fixed number of securities that are chosen from constituents within the Parent Index. A risk-adjusted price momentum score, defined as the excess return over the risk-free rate divided by the annualized standard deviation of weekly returns over the past 3-years, is calculated for each security in the Parent Index over 6- and 12-month time periods. The 6- and 12- month risk-adjusted price momentum calculations are then standardized at  $\pm 3$  standard deviations and the standardized z-scores are translated into an average momentum score. Approximately 300-350 securities with the highest momentum scores are selected for inclusion in the Underlying Index. The weight of each Underlying Index constituent is determined by multiplying the security’s momentum score by its free-float market capitalization, producing a final index selecting securities exhibiting positive momentum.

#### **MSCI World ex USA Risk Weighted Index**

**Number of Components: approximately 1,023**

**Index Description.** The investment results of the MSCI World ex USA Risk Weighted Index are based on a traditional market capitalization-weighted parent index, the MSCI World ex USA Index (the “Parent Index”), which includes large- and mid-capitalization stocks across the following 22 developed market countries or regions: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. As of June 30, 2016, there were 1,023 issues in the Parent Index. The Underlying Index considers the “size” (market capitalization) of individual stocks in the Parent Index and generally is expected to have a smaller average market capitalization than the Parent Index. The Underlying Index reweights each security in the Parent Index using a rules-based methodology so that stocks with relatively smaller average market capitalization and lower risk weightings based on the index provider’s methodology constitute a higher percentage of the Underlying Index. The risk weighting of each security is calculated using the inverse of the security’s historical price variance, estimated based on three years of weekly return data. The Underlying Index seeks to provide negative exposure to two systematic factors, the size factor and volatility factor, by emphasizing stocks with smaller average market capitalization and lower realized volatility than its Parent Index.

**Calculation Methodology.** The Underlying Index is constructed by reweighting the constituents of the Parent Index. To derive a risk weight for each security in the Parent Index, the security’s 3-year weekly historical local return is calculated first. The risk weight is then computed as the ratio of the inverse of the security variance to the sum of the inverse of the security variances of all constituents in the parent index. The index is rebalanced semi-annually in May and November.

#### **MSCI World ex USA Sector Neutral Quality Index**

**Number of Components: approximately 300**

**Index Description.** The MSCI World ex USA Sector Neutral Quality Index is based on a traditional market capitalization-weighted parent index, the MSCI World ex USA Index (the “Parent Index”), which includes large- and mid-capitalization equity securities in the top 85% of equity market capitalization in certain developed market countries, excluding the U.S. The Underlying Index seeks to capture the performance of quality stocks by identifying common stocks with high quality scores

based on three main fundamental variables: high return on equity, stable year-over-year earnings growth and low financial leverage, while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover. As of June 30, 2016, the Underlying Index consisted of companies in the following 22 countries or regions: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

**Calculation Methodology.** The MSCI World ex USA Sector Neutral Quality Index holds a fixed number of securities that are chosen from constituents within the Parent Index. The MSCI World ex USA Sector Neutral Quality Index aims to capture the performance of high quality stocks by identifying common stocks with high “quality scores” based on three main fundamental variables: return on equity, earnings variability, and debt-to- equity, defined as follows:

Return on Equity: Trailing 12-month earnings per share divided by the latest book value per share.

Earnings Variability: Standard deviation of year-over-year earnings per share growth over last five fiscal years.

Debt-to-Equity: Latest fiscal year total debt-to-book value.

The methodology calculates a “quality score” for each security in the Parent Index by averaging the z-scores of the three fundamental variables above. A sector relative quality score is then derived by standardizing the composite quality z-scores within each sector. The sector-relative quality scores are then standardized at +/- 3 standard deviations and the standardized z-scores are translated into an average quality score. Approximately 300-350 securities with the highest quality scores are included in the MSCI World ex USA Quality Index. A security’s final weight is determined by multiplying the quality score by its free-float market capitalization weight which is subsequently adjusted to maintain sector neutrality to the parent index. The components of the Underlying Index, and the degree to which these components represent certain industries, may change over time.

#### **MSCI World ex USA Small Cap Diversified Multiple-Factor Index**

##### **Number of Components: approximately 759**

**Index Description.** The MSCI World ex USA Small Cap Diversified Multiple-Factor Index is constructed using optimization at each rebalance that is designed to maximize the Underlying Index’s exposure to the equal-weighted combination of four target style factors (value, quality, momentum and low size) while still maintaining total risk similar to that of the parent index.

**Index Methodology.** The methodology uses a composite alpha score (by equal weighting the four style factor scores) as an input to the optimizer. At each rebalance, the optimizer aims to maximize overall exposure to the four style factors, which have historically outperformed the broad market, via the composite alpha and maintain a level of forecast risk similar to that of the parent index, while also limiting turnover and extreme exposures to sectors/countries/component weights/non-target style factors. The optimizer selects securities from the parent index and assigns weights such that the optimization objective and constraints are best satisfied.

The Index is rebalanced semi-annually coinciding with the MSCI May and November semi-annual Index Review.

**Calculation Methodology.** The Fund utilizes the Underlying Index calculated with net dividends reinvested. MSCI uses the index constituent companies’ country of incorporation to determine the relevant dividend withholding tax rates in calculating the net dividends. Effective December 1, 2009, the regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company’s country of incorporation applicable to institutional investors. Net dividends means dividends after taxes withheld at the rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Such withholding rates may differ from those applicable to U.S. residents.

**Additional Information.** “MSCI,” MSCI EAFE® Index, MSCI EAFE® Growth Index, MSCI EAFE® Minimum Volatility Index, MSCI EAFE® Small Cap Index, MSCI EAFE® Value Index, MSCI Europe Financials Index, MSCI Europe Minimum Volatility (USD) Index, MSCI Europe Small Cap Index, MSCI Japan Minimum Volatility (USD) Index, MSCI USA Diversified Multiple-Factor Index, MSCI USA Minimum Volatility Index, MSCI USA Momentum Index, MSCI USA Sectoral Neutral Quality Index, MSCI USA Small Cap Diversified Multiple-Factor Index, MSCI USA Risk Weighted Index, MSCI USA Enhanced Value Index, MSCI World ex USA Diversified Multiple-Factor Index, MSCI World ex USA Enhanced Value Index, MSCI World ex USA Momentum Index, MSCI World ex USA Risk Weighted Index, MSCI World ex USA Sector Neutral Quality Index and MSCI World ex USA Small Cap Diversified Multiple-Factor Index are servicemarks of MSCI Inc. and have been licensed for use for

certain purposes by BFA or its affiliates. The Funds are neither sponsored, endorsed, sold nor promoted by MSCI Inc., and MSCI Inc. makes no representation regarding the advisability of investing in any of the Funds.

## Investment Limitations

Each Fund has adopted its investment objective as a non-fundamental investment policy. Therefore, each Fund may change its investment objective and its Underlying Index without shareholder approval. The Board has adopted as fundamental policies the following numbered investment restrictions, which cannot be changed without the approval of the holders of a majority of the applicable Fund's outstanding voting securities. A vote of a majority of the outstanding voting securities is defined in the 1940 Act as the lesser of (a) 67% or more of the voting securities present at a fund meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy and (b) more than 50% of outstanding voting securities of the fund.

### **The iShares MSCI EAFE ETF, iShares MSCI EAFE Growth ETF and iShares MSCI EAFE Value ETF will not:**

1. Concentrate its investments (*i.e.*, hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except that each Fund will concentrate to approximately the same extent that its Underlying Index concentrates in the stocks of such particular industry or group of industries. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.
2. Borrow money, except that (i) each Fund may borrow from banks for temporary or emergency (not leveraging) purposes, including the meeting of redemption requests which might otherwise require the untimely disposition of securities, and (ii) each Fund may, to the extent consistent with its investment policies, enter into repurchase agreements, reverse repurchase agreements, forward roll transactions and similar investment strategies and techniques. To the extent that it engages in transactions described in (i) and (ii), each Fund will be limited so that no more than 33 1/3% of the value of its total assets (including the amount borrowed) is derived from such transactions. Any borrowings which come to exceed this amount will be reduced in accordance with applicable law.
3. Issue any senior security, except as permitted under the 1940 Act, as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.
4. Make loans, except as permitted under the 1940 Act, as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.
5. Purchase or sell real estate, real estate mortgages, commodities or commodity contracts, but this restriction shall not prevent each Fund from trading in futures contracts and options on futures contracts (including options on currencies to the extent consistent with each Fund's investment objective and policies).
6. Engage in the business of underwriting securities issued by other persons, except to the extent that each Fund may technically be deemed to be an underwriter under the 1933 Act, in disposing of portfolio securities.

### **The iShares China Large-Cap ETF will not:**

1. Concentrate its investments (*i.e.*, hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except that the Fund will concentrate to approximately the same extent that its Underlying Index concentrates in the stocks of such particular industry or group of industries. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.
2. Borrow money, except that (i) the Fund may borrow from banks for temporary or emergency (not leveraging) purposes, including the meeting of redemption requests which might otherwise require the untimely disposition of securities, and (ii) the Fund may, to the extent consistent with its investment policies, enter into repurchase agreements, reverse repurchase agreements, forward roll transactions and similar investment strategies and techniques. To the extent that it engages in transactions described in (i) and (ii), the Fund will be limited so that no more than 33 1/3% of the value of its total assets (including the amount borrowed) is derived from such transactions. Any borrowings which come to exceed this amount will be reduced in accordance with applicable law.

3. Issue “senior securities” as defined in the 1940 Act and the rules, regulations and orders thereunder, except as permitted under the 1940 Act and the rules, regulations and orders thereunder.
4. Make loans. This restriction does not apply to: (i) the purchase of debt obligations in which the Fund may invest consistent with its investment objectives and policies; (ii) repurchase agreements and reverse repurchase agreements; and (iii) loans of its portfolio securities, to the fullest extent permitted under the 1940 Act.
5. Purchase or sell real estate, real estate mortgages, commodities or commodity contracts, but this restriction shall not prevent the Fund from trading in futures contracts and options on futures contracts (including options on currencies to the extent consistent with the Fund’s investment objective and policies).
6. Engage in the business of underwriting securities issued by other persons, except to the extent that the Fund may technically be deemed to be an underwriter under the 1933 Act in disposing of portfolio securities.

**Each of the iShares Edge MSCI Min Vol EAFE ETF, iShares Edge MSCI Min Vol USA ETF, iShares MSCI EAFE Small-Cap ETF, iShares MSCI Europe Financials ETF and iShares MSCI Europe Small-Cap ETF will not:**

1. Concentrate its investments (*i.e.*, invest 25% or more of its total assets in the securities of a particular industry or group of industries), except that each Fund will concentrate to approximately the same extent that its Underlying Index concentrates in the securities of such particular industry or group of industries. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.
2. Borrow money, except that (i) each Fund may borrow from banks for temporary or emergency (not leveraging) purposes, including the meeting of redemption requests which might otherwise require the untimely disposition of securities; and (ii) each Fund may, to the extent consistent with its investment policies, enter into repurchase agreements, reverse repurchase agreements, forward roll transactions and similar investment strategies and techniques. To the extent that it engages in transactions described in (i) and (ii), each Fund will be limited so that no more than 33 1/3% of the value of its total assets (including the amount borrowed) is derived from such transactions. Any borrowings which come to exceed this amount will be reduced in accordance with applicable law.
3. Issue any senior security, except as permitted under the 1940 Act, as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.
4. Make loans, except as permitted under the 1940 Act, as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.
5. Purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this restriction shall not prevent each Fund from investing in securities of companies engaged in the real estate business or securities or other instruments backed by real estate or mortgages), or commodities or commodity contracts (but this restriction shall not prevent each Fund from trading in futures contracts and options on futures contracts, including options on currencies to the extent consistent with each Fund’s investment objective and policies).
6. Engage in the business of underwriting securities issued by other persons, except to the extent that each Fund may technically be deemed to be an underwriter under the 1933 Act, in disposing of portfolio securities.

**Each of the iShares Edge MSCI Intl Momentum Factor ETF, iShares Edge MSCI Intl Quality Factor ETF, iShares Edge MSCI Intl Size Factor ETF, iShares Edge MSCI Intl Value Factor ETF, iShares Edge MSCI Min Vol Europe ETF, iShares Edge MSCI Min Vol Japan ETF, iShares Edge MSCI Multifactor Intl ETF, iShares Edge MSCI Multifactor Intl Small-Cap ETF, iShares Edge MSCI Multifactor USA ETF, iShares Edge MSCI Multifactor USA Small-Cap ETF, iShares Edge MSCI USA Momentum Factor ETF, iShares Edge MSCI USA Quality Factor ETF, iShares Edge MSCI USA Size Factor ETF and iShares Edge MSCI USA Value Factor ETF will not:**

1. Concentrate its investments in a particular industry, as that term is used in the Investment Company Act, except that the Fund will concentrate to approximately the same extent that its Underlying Index concentrates in the securities of a particular industry or group of industries.
2. Borrow money, except as permitted under the Investment Company Act.
3. Issue senior securities to the extent such issuance would violate the Investment Company Act.

4. Purchase or hold real estate, except the Fund may purchase and hold securities or other instruments that are secured by, or linked to, real estate or interests therein, securities of real estate investment trusts, mortgage-related securities and securities of issuers engaged in the real estate business, and the Fund may purchase and hold real estate as a result of the ownership of securities or other instruments.
5. Underwrite securities issued by others, except to the extent that the sale of portfolio securities by the Fund may be deemed to be an underwriting or as otherwise permitted by applicable law.
6. Purchase or sell commodities or commodity contracts, except as permitted by the Investment Company Act.
7. Make loans to the extent prohibited by the Investment Company Act.

***Notations Regarding each of the iShares Edge MSCI Intl Momentum Factor ETF, iShares Edge MSCI Intl Quality Factor ETF, iShares Edge MSCI Intl Size Factor ETF, iShares Edge MSCI Intl Value Factor ETF, iShares Edge MSCI Min Vol Europe ETF, iShares Edge MSCI Min Vol Japan ETF, iShares Edge MSCI Multifactor Intl ETF, iShares Edge MSCI Multifactor Intl Small-Cap ETF, iShares Edge MSCI Multifactor USA ETF, iShares Edge MSCI Multifactor USA Small-Cap ETF, iShares Edge MSCI USA Momentum Factor ETF, iShares Edge MSCI USA Quality Factor ETF, iShares Edge MSCI USA Size Factor ETF and iShares Edge MSCI USA Value Factor ETF's Fundamental Investment Restrictions***

The following notations are not considered to be part of each Fund's fundamental investment restrictions and are subject to change without shareholder approval.

With respect to the fundamental policy relating to concentration set forth in (1) above, the Investment Company Act does not define what constitutes "concentration" in an industry. The SEC staff has taken the position that investment of 25% or more of a fund's total assets in one or more issuers conducting their principal activities in the same industry or group of industries constitutes concentration. It is possible that interpretations of concentration could change in the future. The policy in (1) above will be interpreted to refer to concentration as that term may be interpreted from time to time. The policy also will be interpreted to permit investment without limit in the following: securities of the U.S. government and its agencies or instrumentalities; securities of state, territory, possession or municipal governments and their authorities, agencies, instrumentalities or political subdivisions; and repurchase agreements collateralized by any such obligations. Accordingly, issuers of the foregoing securities will not be considered to be members of any industry. There also will be no limit on investment in issuers domiciled in a single jurisdiction or country. Finance companies will be considered to be in the industries of their parents if their activities are primarily related to financing the activities of the parents. Each foreign government will be considered to be a member of a separate industry. With respect to each Fund's industry classifications, each Fund currently utilizes any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. The policy also will be interpreted to give broad authority to each Fund as to how to classify issuers within or among industries.

With respect to the fundamental policy relating to borrowing money set forth in (2) above, the Investment Company Act permits each Fund to borrow money in amounts of up to one-third of each Fund's total assets from banks for any purpose, and to borrow up to 5% of each Fund's total assets from banks or other lenders for temporary purposes. (The Fund's total assets include the amounts being borrowed.) To limit the risks attendant to borrowing, the Investment Company Act requires each Fund to maintain at all times an "asset coverage" of at least 300% of the amount of its borrowings. Asset coverage means the ratio that the value of each Fund's total assets (including amounts borrowed), minus liabilities other than borrowings, bears to the aggregate amount of all borrowings. Borrowing money to increase portfolio holdings is known as "leveraging." Certain trading practices and investments, such as reverse repurchase agreements, may be considered to be borrowings or involve leverage and thus are subject to the Investment Company Act restrictions. In accordance with SEC staff guidance and interpretations, when each Fund engages in such transactions, each Fund instead of maintaining asset coverage of at least 300%, may segregate or earmark liquid assets, or enter into an offsetting position, in an amount at least equal to each Fund's exposure, on a mark-to-market basis, to the transaction (as calculated pursuant to requirements of the SEC). The policy in (2) above will be interpreted to permit each Fund to engage in trading practices and investments that may be considered to be borrowing or to involve leverage to the extent permitted by the Investment Company Act and to permit each Fund to segregate or earmark liquid assets or enter into offsetting positions in accordance with the Investment Company Act. Short-term credits necessary for the settlement of securities transactions and arrangements with respect to securities lending will not be considered to be borrowings under the policy. Practices and investments that may involve leverage but are not considered to be borrowings are not subject to the policy.

With respect to the fundamental policy relating to underwriting set forth in (5) above, the Investment Company Act does not prohibit each Fund from engaging in the underwriting business or from underwriting the securities of other issuers; in fact, in the case of diversified funds, the Investment Company Act permits each Fund to have underwriting commitments of up to 25% of its assets under certain circumstances. Those circumstances currently are that the amount of each Fund's underwriting commitments, when added to the value of each Fund's investments in issuers where each Fund owns more than 10% of the outstanding voting securities of those issuers, cannot exceed the 25% cap. A fund engaging in transactions involving the acquisition or disposition of portfolio securities may be considered to be an underwriter under the 1933 Act. Although it is not believed that the application of the 1933 Act provisions described above would cause each Fund to be engaged in the business of underwriting, the policy in (5) above will be interpreted not to prevent each Fund from engaging in transactions involving the acquisition or disposition of portfolio securities, regardless of whether each Fund may be considered to be an underwriter under the 1933 Act or is otherwise engaged in the underwriting business to the extent permitted by applicable law.

With respect to the fundamental policy relating to lending set forth in (7) above, the Investment Company Act does not prohibit each Fund from making loans (including lending its securities); however, SEC staff interpretations currently prohibit funds from lending more than one-third of their total assets (including lending its securities), except through the purchase of debt obligations or the use of repurchase agreements. In addition, collateral arrangements with respect to options, forward currency and futures transactions and other derivative instruments (as applicable), as well as delays in the settlement of securities transactions, will not be considered loans.

Under its non-fundamental investment restrictions, which may be changed by the Board without shareholder approval, each Fund may not:

- a. Purchase securities of other investment companies, except to the extent permitted by the Investment Company Act. As a matter of policy, however, each Fund will not purchase shares of any registered open-end investment company or registered unit investment trust, in reliance on Section 12(d)(1)(F) or (G) (the "fund of funds" provisions) of the Investment Company Act, at any time each Fund has knowledge that its shares are purchased by another investment company investor in reliance on the provisions of subparagraph (G) of Section 12(d)(1).
- b. Make short sales of securities or maintain a short position, except to the extent permitted by each Fund's Prospectus and SAI, as amended from time to time, and applicable law.

Unless otherwise indicated, all limitations under each Fund's fundamental or non-fundamental investment restrictions apply only at the time that a transaction is undertaken. Any change in the percentage of each Fund's assets invested in certain securities or other instruments resulting from market fluctuations or other changes in each Fund's total assets will not require each Fund to dispose of an investment until BFA determines that it is practicable to sell or close out the investment without undue market or tax consequences.

In addition to the investment restrictions adopted as fundamental policies set forth above, each Fund has adopted a non-fundamental policy not to invest in the securities of a company for the purpose of exercising management or control, or purchase or otherwise acquire any illiquid security, except as permitted under the 1940 Act, which currently permits up to 15% of each Fund's net assets to be invested in illiquid securities (calculated at the time of investment).

BFA monitors the liquidity of restricted securities in each Fund's portfolio. In reaching liquidity decisions, BFA considers the following factors:

- The frequency of trades and quotes for the security;
- The number of dealers wishing to purchase or sell the security and the number of other potential purchasers;
- Dealer undertakings to make a market in the security; and
- The nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

If any percentage restriction described above is complied with at the time of an investment, a later increase or decrease in percentage resulting from a change in values of assets will not constitute a violation of such restriction, except that certain percentage limitations will be observed continuously in accordance with applicable law.

Each Fund has adopted a non-fundamental investment policy in accordance with Rule 35d-1 under the 1940 Act to invest, under normal circumstances, at least 80% of the value of its net assets, plus the amount of any borrowings for investment purposes, in securities of its Underlying Index or in Depositary Receipts representing securities in the Underlying Index. Each Fund also has adopted a non-fundamental policy to provide its shareholders with at least 60 days' prior written notice of any change in such policy. If, subsequent to an investment, the 80% requirement is no longer met, a Fund's future investments will be made in a manner that will bring the Fund into compliance with this policy.

Each Fund has adopted a non-fundamental limitation such that, under normal market conditions, any borrowings by the Fund will not exceed 10% of the Fund's net assets.

Each Fund may not purchase securities of other investment companies, except to the extent permitted by the 1940 Act. As a matter of policy, however, a Fund will not purchase shares of any registered open-end investment company or registered unit investment trust, in reliance on Section 12(d)(1)(F) or (G) (the "fund of funds" provisions) of the 1940 Act, at any time the Fund has knowledge that its shares are purchased by another investment company investor in reliance on the provisions of subparagraph (G) of Section 12(d)(1).

## Continuous Offering

The method by which Creation Units are created and traded may raise certain issues under applicable securities laws. Because new Creation Units are issued and sold by the Funds on an ongoing basis, at any point a "distribution," as such term is used in the 1933 Act, may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner that could render them statutory underwriters and subject them to the prospectus delivery requirement and liability provisions of the 1933 Act.

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it takes Creation Units after placing an order with the Distributor, breaks them down into constituent shares and sells such shares directly to customers or if it chooses to couple the creation of new shares with an active selling effort involving solicitation of secondary market demand for shares. A determination of whether one is an underwriter for purposes of the 1933 Act must take into account all of the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case and the examples mentioned above should not be considered a complete description of all the activities that could lead to a categorization as an underwriter.

Broker-dealer firms should also note that dealers who are not "underwriters" but are effecting transactions in shares, whether or not participating in the distribution of shares, generally are required to deliver a prospectus. This is because the prospectus delivery exemption in Section 4(a)(3) of the 1933 Act is not available in respect of such transactions as a result of Section 24(d) of the 1940 Act. Firms that incur a prospectus delivery obligation with respect to shares of the Funds are reminded that, pursuant to Rule 153 under the 1933 Act, a prospectus delivery obligation under Section 5(b)(2) of the 1933 Act owed to an exchange member in connection with a sale on the Listing Exchange generally is satisfied by the fact that the prospectus is available at the Listing Exchange upon request. The prospectus delivery mechanism provided in Rule 153 is available only with respect to transactions on an exchange.

## Management

**Trustees and Officers.** The Board has responsibility for the overall management and operations of the Funds, including general supervision of the duties performed by BFA and other service providers. Each Trustee serves until he or she resigns, is removed, dies, retires or becomes incapacitated. Each officer shall hold office until his or her successor is elected and qualifies or until his or her death, resignation or removal. Trustees who are not "interested persons" (as defined in the 1940 Act) of the Trust are referred to as independent trustees ("Independent Trustees").

The registered investment companies advised by BFA or its affiliates (the "BlackRock-advised Funds") are organized into one complex of closed-end funds, two complexes of open-end funds and one complex of ETFs ("Exchange-Traded Fund Complex") (each, a "BlackRock Fund Complex"). Each Fund is included in the BlackRock Fund Complex referred to as the Exchange-Traded Fund Complex. Each Trustee also serves as a Director of iShares, Inc. and a Trustee of iShares U.S. ETF Trust and, as a result, oversees a total of 332 funds within the Exchange-Traded Fund Complex. Mr. Lawton serves as an Advisory Board Member for iShares, Inc. and iShares U.S. ETF Trust with respect to 332 funds within the Exchange-Traded

Fund Complex. With the exception of Robert S. Kapito, Mark Wiedman and Benjamin Archibald, the address of each Trustee, Advisory Board Member and officer is c/o BlackRock, Inc., 400 Howard Street, San Francisco, CA 94105. The address of Mr. Kapito, Mr. Wiedman and Mr. Archibald is c/o BlackRock, Inc., Park Avenue Plaza, 55 East 52<sup>nd</sup> Street, New York, NY 10055. The Board has designated Cecilia H. Herbert as its Independent Board Chair. Additional information about the Funds' Trustees and officers may be found in this SAI, which is available without charge, upon request, by calling toll-free 1-800-iShares (1-800-474-2737).

### Interested Trustees

| Name (Age)                            | Position                 | Principal Occupation(s)<br>During the Past 5 Years                                                                                                                                                                                                                                                                                                                                                                                                           | Other Directorships<br>Held by Trustee<br>During the Past 5 Years                                                                                   |
|---------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Robert S. Kapito <sup>1</sup><br>(59) | Trustee<br>(since 2009). | President and Director, BlackRock, Inc. (since 2006); Vice Chairman of BlackRock, Inc. and Head of BlackRock, Inc.'s Portfolio Management Group (since its formation in 1998) and BlackRock, Inc.'s predecessor entities (since 1988); Trustee, University of Pennsylvania (since 2009); President of Board of Directors, Hope & Heroes Children's Cancer Fund (since 2002); President of the Board of Directors, Periwinkle Theatre for Youth (since 1983). | Director of iShares, Inc. (since 2009); Trustee of iShares U.S. ETF Trust (since 2011).                                                             |
| Mark Wiedman <sup>2</sup><br>(46)     | Trustee (since 2013).    | Managing Director, BlackRock, Inc. (since 2007); Global Head of iShares (since 2011); Head of Corporate Strategy, BlackRock, Inc. (2009-2011).                                                                                                                                                                                                                                                                                                               | Director of iShares, Inc. (since 2013); Trustee of iShares U.S. ETF Trust (since 2013); Director of PennyMac Financial Services, Inc. (since 2008). |

<sup>1</sup> Robert S. Kapito is deemed to be an "interested person" (as defined in the 1940 Act) of the Trust due to his affiliations with BlackRock, Inc.

<sup>2</sup> Mark Wiedman is deemed to be an "interested person" (as defined in the 1940 Act) of the Trust due to his affiliations with BlackRock, Inc. and its affiliates.

### Independent Trustees

| Name (Age)                 | Position                                                                                                                                    | Principal Occupation(s)<br>During the Past 5 Years                                                                                                                                                                                                                                                                                                                                                                    | Other Directorships<br>Held by Trustee<br>During the Past 5 Years                                                                                                                                                                                                                          |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cecilia H. Herbert<br>(67) | Trustee<br>(since 2005);<br>Independent Board<br>Chair<br>(since 2016);<br>Nominating and<br>Governance<br>Committee Chair<br>(since 2016). | Director (1998-2013) and President (2007-2011) of the Board of Directors, Catholic Charities CYO; Trustee (2002-2011) and Chair of the Finance and Investment Committee (2006-2010) of the Thacher School; Member (since 1992) and Chair (1994-2005) of the Investment Committee, Archdiocese of San Francisco; Trustee and Member of the Investment Committee, WNET, the New York public media company (since 2011). | Director of iShares, Inc. (since 2005); Trustee of iShares U.S. ETF Trust (since 2011); Independent Board Chair of iShares, Inc. and iShares U.S. ETF Trust (since 2016); Director of Forward Funds (23 portfolios) (since 2009); Trustee of Salient MF Trust (4 portfolios) (since 2015). |

| Name (Age)               | Position                                                                                                    | Principal Occupation(s)<br>During the Past 5 Years                                                                                                                                                                                                                                                                                | Other Directorships<br>Held by Trustee<br>During the Past 5 Years                                                                                                                                                                                                                                          |
|--------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jane D. Carlin<br>(60)   | Trustee<br>(since 2015); Risk<br>Committee Chair<br>(since 2016).                                           | Managing Director and Global Head<br>of Financial Holding Company<br>Governance & Assurance and the<br>Global Head of Operational Risk<br>Management of Morgan Stanley<br>(2006-2012).                                                                                                                                            | Director of iShares, Inc. (since 2015);<br>Trustee of iShares U.S. ETF Trust<br>(since 2015); Director of PHH<br>Corporation (mortgage solutions)<br>(since 2012).                                                                                                                                         |
| Charles A. Hurty<br>(73) | Trustee<br>(since 2005);<br>Audit Committee<br>Chair<br>(since 2006).                                       | Retired; Partner, KPMG LLP (1968-<br>2001).                                                                                                                                                                                                                                                                                       | Director of iShares, Inc. (since 2005);<br>Trustee of iShares U.S. ETF Trust<br>(since 2011); Director of GMAM<br>Absolute Return Strategy Fund (1<br>portfolio) (since 2002); Director of<br>SkyBridge Alternative Investments<br>Multi-Adviser Hedge Fund Portfolios<br>LLC (2 portfolios) (since 2002). |
| John E. Kerrigan<br>(61) | Trustee<br>(since 2005);<br>Securities Lending<br>Committee Chair<br>(since 2016).                          | Chief Investment Officer, Santa Clara<br>University (since 2002).                                                                                                                                                                                                                                                                 | Director of iShares, Inc. (since 2005);<br>Trustee of iShares U.S. ETF Trust<br>(since 2011).                                                                                                                                                                                                              |
| John E. Martinez<br>(55) | Trustee<br>(since 2003);<br>Fixed Income Plus<br>Committee Chair<br>(since 2016).                           | Director of FirstREX Agreement Corp.<br>(formerly EquityRock, Inc.) (since<br>2005).                                                                                                                                                                                                                                              | Director of iShares, Inc. (since 2003);<br>Trustee of iShares U.S. ETF Trust<br>(since 2011).                                                                                                                                                                                                              |
| Madhav V. Rajan<br>(52)  | Trustee<br>(since 2011);<br>Equity Plus<br>Committee Chair<br>and 15(c)<br>Committee Chair<br>(since 2016). | Robert K. Jaedicke Professor of<br>Accounting and Senior Associate<br>Dean for Academic Affairs and Head<br>of MBA Program, Stanford University<br>Graduate School of Business (since<br>2001); Professor of Law (by<br>courtesy), Stanford Law School<br>(since 2005); Visiting Professor,<br>University of Chicago (2007-2008). | Director of iShares, Inc. (since 2011);<br>Trustee of iShares U.S. ETF Trust<br>(since 2011); Director, Cavium, Inc.<br>(since 2013).                                                                                                                                                                      |

## Officers

| Name (Age)           | Position                                                  | Principal Occupation(s)<br>During the Past 5 Years                                                                                                                                 |
|----------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Martin Small<br>(41) | President (since<br>2016).                                | Managing Director, BlackRock, Inc.<br>(since 2010); Head of U.S. iShares<br>(since 2015); Co-Head of the U.S.<br>Financial Markets Advisory Group,<br>BlackRock, Inc. (2008-2014). |
| Jack Gee<br>(57)     | Treasurer and Chief<br>Financial Officer<br>(since 2008). | Managing Director, BlackRock, Inc.<br>(since 2009); Senior Director of Fund<br>Administration of Intermediary<br>Investor Business, BGI (2009).                                    |

| Name (Age)                 | Position                               | Principal Occupation(s)<br>During the Past 5 Years                                                                                                                                                                                             |
|----------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Charles Park<br>(49)       | Chief Compliance Officer (since 2006). | Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex (since 2014); Chief Compliance Officer of BFA (since 2006).            |
| Benjamin Archibald<br>(41) | Secretary (since 2015).                | Managing Director, BlackRock, Inc. (since 2014); Director, BlackRock, Inc. (2010-2013); Secretary of the BlackRock-advised mutual funds (since 2012).                                                                                          |
| Steve Messinger<br>(54)    | Executive Vice President (since 2016). | Managing Director, BlackRock, Inc. (2007-2014 and since 2016); Managing Director, Beacon Consulting Group (2014-2016).                                                                                                                         |
| Scott Radell<br>(47)       | Executive Vice President (since 2012). | Managing Director, BlackRock, Inc. (since 2009); Head of Portfolio Solutions, BlackRock, Inc. (since 2009); Head of Portfolio Solutions, BGI (2007-2009); Credit Portfolio Manager, BGI (2005-2007); Credit Research Analyst, BGI (2003-2005). |
| Alan Mason<br>(56)         | Executive Vice President (since 2016). | Managing Director, BlackRock, Inc. (since 2009); Managing Director, BGI (2008-2009); Principal, BGI (1996-2008).                                                                                                                               |

#### Advisory Board Member

| Name (Age)             | Position                            | Principal Occupation(s)<br>During the Past 5 Years                       | Other Directorships<br>Held by Advisory Board Member<br>During the Past 5 Years                                                                                                                                                                                                |
|------------------------|-------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Drew E. Lawton<br>(57) | Advisory Board Member (since 2016). | Senior Managing Director of New York Life Insurance Company (2010-2015). | Advisory Board Member of iShares, Inc. (since 2016); Advisory Board Member of iShares U.S. ETF Trust (since 2016); Director of Principal Funds, Inc., Principal Variable Contracts Funds, Inc. and Principal Exchange-Traded Funds (124 portfolios) (March 2016-October 2016). |

The Board has concluded that, based on each Trustee's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees, each Trustee should serve as a Trustee of the Board. Among the attributes common to all Trustees are their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the Funds' investment adviser, other service providers, counsel and the independent registered public accounting firm, and to exercise effective business judgment in the performance of their duties as Trustees. A Trustee's ability to perform his or her duties effectively may have been attained through the Trustee's educational background or professional training; business, consulting, public service or academic positions; experience from service as a

Board member of the Funds and the other funds in the Trust (and any predecessor funds), other investment funds, public companies, or non-profit entities or other organizations; and/or other life experiences. Also, set forth below is a brief discussion of the specific experience, qualifications, attributes or skills of each Trustee that led the Board to conclude that he or she should serve as a Trustee.

Robert Kapito has been a Trustee of the Trust since 2009. Mr. Kapito has served as a Director of iShares, Inc. since 2009, a Trustee of iShares U.S. ETF Trust since 2011 and a Director of BlackRock, Inc. since 2006. Mr. Kapito served as a Director of iShares MSCI Russia Capped ETF, Inc. from 2010 to 2015. In addition, he has over 20 years of experience as part of BlackRock, Inc. and BlackRock, Inc.'s predecessor entities. Mr. Kapito serves as President and Director of BlackRock, Inc., and is the Chairman of the Operating Committee, a member of the Office of the Chairman, the Leadership Committee and the Corporate Council. He is responsible for day-to-day oversight of BlackRock, Inc.'s key operating units, including the Account Management and Portfolio Management Groups, Real Estate Group and BlackRock Solutions®. Prior to assuming his current responsibilities in 2007, Mr. Kapito served as Head of BlackRock, Inc.'s Portfolio Management Group. In that role, he was responsible for overseeing all portfolio management within BlackRock, Inc., including the Fixed Income, Equity, Liquidity, and Alternative Investment Groups. Mr. Kapito serves as a member of the Board of Trustees of the University of Pennsylvania. He has also been President of the Board of Directors for the Hope & Heroes Children's Cancer Fund since 2002 and President of the Board of Directors for Periwinkle Theatre for Youth, a national non-profit arts-in-education organization, since 1983. Mr. Kapito earned a BS degree in economics from the Wharton School of the University of Pennsylvania in 1979, and an MBA degree from Harvard Business School in 1983.

Mark Wiedman has been a Trustee of the Trust since 2013. Mr. Wiedman has served as a Director of iShares, Inc. since 2013 and a Trustee of iShares U.S. ETF Trust since 2013. Mr. Wiedman served as a Director of iShares MSCI Russia Capped ETF, Inc. from 2013 to 2015. Mr. Wiedman is the Global Head and Managing Director of iShares. In addition, he is a member of BlackRock, Inc.'s Global Executive Committee and Global Operating Committee. Prior to assuming his current responsibilities in 2011, Mr. Wiedman was the head of Corporate Strategy for BlackRock, Inc. Mr. Wiedman joined BlackRock, Inc. in 2004 to help start the advisory business, which evolved into the Financial Markets Advisory Group in BlackRock Solutions. This group advises financial institutions and governments on managing their capital markets exposures and businesses. Prior to BlackRock, Inc., he served as senior advisor and chief of staff for the Under Secretary for Domestic Finance at the U.S. Department of the Treasury and also was a management consultant at McKinsey & Co., advising financial institutions in the United States, Europe, and Japan. He has taught as an adjunct associate professor of law at Fordham University in New York and Renmin University in Beijing. Mr. Wiedman serves on the board of PennyMac Financial Services, Inc., a publicly-traded U.S. mortgage banking and investment management firm started in 2008, with BlackRock, Inc. as a sponsor. Mr. Wiedman earned an AB degree, Phi Beta Kappa, *magna cum laude*, in social studies from Harvard College in 1992 and a JD degree from Yale Law School in 1996.

Cecilia H. Herbert has been a Trustee of the Trust since 2005, Chair of the Trust's Board since 2016 and Chair of the Nominating and Governance Committee of the Trust since 2016. Ms. Herbert served as Chair of the Nominating and Governance Committee and the Equity Plus Committee of the Trust from 2012 to 2015. Ms. Herbert has served as a Director of iShares, Inc. since 2005, Chair of the Nominating and Governance Committee of iShares, Inc. since 2016, Chair of the Nominating and Governance Committee and the Equity Plus Committee of iShares, Inc. from 2012 to 2015, Chair of the iShares, Inc.'s Board since 2016, a Trustee of iShares U.S. ETF Trust since 2011, Chair of the Nominating and Governance Committee of iShares U.S. ETF Trust since 2016, Chair of the Nominating and Governance Committee and the Equity Plus Committee of iShares U.S. ETF Trust from 2012 to 2015 and Chair of the iShares U.S. ETF Trust's Board since 2016. Ms. Herbert served as a Director of iShares MSCI Russia Capped ETF, Inc. from 2010 to 2015. In addition, Ms. Herbert has served as Trustee of the Forward Funds since 2009, which was purchased by Salient Partners in 2015, and has served as Trustee of the Salient MF Trust since 2015. She previously served as Trustee of the Pacific Select Funds from 2004 until 2005 and Trustee of the Montgomery Funds from 1992 until 2003. She was President of the Board of Catholic Charities CYO, the largest social services agency in the San Francisco Bay Area, from 2007 until 2011 and a member of that board from 1992 until 2013. She was past Chair from 1994 until 2005, and a member since 1992, of the Investment Council of the Archdiocese of San Francisco. She has served as Trustee of WNET, New York's public media station, since 2011. She worked from 1973-1990 at J.P. Morgan/Morgan Guaranty Trust doing international corporate finance and corporate lending, retiring as Managing Director and Head of the West Coast Office. Ms. Herbert has been on numerous non-profit boards, chairing investment and finance committees. She holds a double major in economics and communications from Stanford University and an MBA from Harvard Business School.

Jane D. Carlin has been a Trustee of the Trust since 2015 and Chair of the Risk Committee since 2016. Ms. Carlin has served as a Director of iShares, Inc. since 2015, Chair of the Risk Committee of iShares, Inc. since 2016, a Trustee of iShares U.S. ETF Trust since 2015 and Chair of the Risk Committee of iShares U.S. ETF Trust since 2016. Ms. Carlin served as Managing Director and Global Head of Financial Holding Company Governance & Assurance and the Global Head of Operational Risk Management of Morgan Stanley from 2006 to 2012. In addition, Ms. Carlin served as Managing Director and Global Head of the Bank Operational Risk Oversight Department of Credit Suisse Group from 2003 to 2006. Prior to that, Ms. Carlin served as Managing Director and Deputy General Counsel of Morgan Stanley. Ms. Carlin has over 30 years of experience in the financial sector and has served in a number of legal, regulatory, and risk management positions. Ms. Carlin has served as an Independent Director on the Board of PHH Corporation since 2012. She previously served as a Director on the Boards of Astoria Financial Corporation and Astoria Bank. Ms. Carlin was appointed by the United States Treasury to the Financial Services Sector Coordinating Council for Critical Infrastructure Protection and Homeland Security, where she served as Chairperson from 2010 to 2012 and Vice Chair and Chair of the Cyber Security Committee from 2009 to 2010. Ms. Carlin has a BA degree in political science from State University of New York at Stony Brook and a JD degree from Benjamin N. Cardozo School of Law.

Charles A. Hurty has been a Trustee of the Trust since 2005 and Chair of the Audit Committee of the Trust since 2006. Mr. Hurty has served as a Director of iShares, Inc. since 2005, Chair of the Audit Committee of iShares, Inc. since 2006 and a Trustee and Chair of the Audit Committee of iShares U.S. ETF Trust since 2011. Mr. Hurty served as a Director of iShares MSCI Russia Capped ETF, Inc. from 2010 to 2015. In addition, Mr. Hurty serves as Director of the GMAM Absolute Return Strategy Fund since 2002, Director of the SkyBridge Alternative Investments Multi-Adviser Hedge Fund Portfolios LLC (formerly, Citigroup Alternative Investments Multi-Adviser Hedge Fund Portfolios LLC) since 2002 and was a Director of the CSFB Alternative Investment Funds from 2005 to December 2009, when the funds were liquidated. Mr. Hurty was formerly a Partner at KPMG, LLP from 1968 to 2001. Mr. Hurty has a BS degree in accounting from the University of Kansas.

John E. Kerrigan has been a Trustee of the Trust since 2005 and Chair of the Securities Lending Committee of the Trust since 2016. Mr. Kerrigan served as Chair of the Nominating and Governance Committee of the Trust from 2010 until 2012 and Chair of the Fixed Income Plus Committee of the Trust from 2012 to 2015. Mr. Kerrigan has served as a Director of iShares, Inc. since 2005, Chair of the Fixed Income Plus Committee of iShares, Inc. from 2012 to 2015, Chair of the Nominating and Governance Committee of iShares, Inc. from 2010 until 2012, Chair of the Securities Lending Committee of iShares, Inc. since 2016, a Trustee of iShares U.S. ETF Trust since 2011, Chair of the Fixed Income Plus Committee of iShares U.S. ETF Trust from 2012 to 2015, Chair of the Nominating and Governance Committee of iShares U.S. ETF Trust from 2011 until 2012 and Chair of the Securities Lending Committee of iShares U.S. ETF Trust since 2016. Mr. Kerrigan served as a Director of iShares MSCI Russia Capped ETF, Inc. from 2010 to 2015. Mr. Kerrigan has served as Chief Investment Officer of Santa Clara University since 2002. Mr. Kerrigan was formerly a Managing Director at Merrill Lynch & Co., including the following responsibilities: Managing Director, Institutional Client Division, Western United States. Mr. Kerrigan is a Trustee, since 2008, of Sacred Heart Schools, Atherton, CA, and Director, since 1999, of The BASIC Fund (Bay Area Scholarships for Inner City Children). Mr. Kerrigan has a BA degree from Boston College and is a Chartered Financial Analyst Charterholder.

John E. Martinez has been a Trustee of the Trust since 2003 and Chair of the Fixed Income Plus Committee of the Trust since 2016. Mr. Martinez served as Chair of the Securities Lending Committee of the Trust from 2012 to 2015. Mr. Martinez has served as a Director of iShares, Inc. since 2003, Chair of the Securities Lending Committee of iShares, Inc. from 2012 to 2015, Chair of the Fixed Income Plus Committee of iShares, Inc. since 2016, a Trustee of iShares U.S. ETF Trust since 2011, Chair of the Securities Lending Committee of iShares U.S. ETF Trust from 2012 to 2015 and Chair of the Fixed Income Plus Committee of iShares U.S. ETF Trust since 2016. Mr. Martinez served as a Director of iShares MSCI Russia Capped ETF, Inc. from 2010 to 2015. Mr. Martinez is a Director of FirstREX Agreement Corp. (formerly EquityRock, Inc.), providing governance oversight and consulting services to this privately held firm that develops products and strategies for homeowners in managing the equity in their homes. Mr. Martinez previously served as Director of Barclays Global Investors (BGI) UK Holdings, where he provided governance oversight representing BGI's shareholders (Barclays PLC, BGI management shareholders) through oversight of BGI's worldwide activities. Mr. Martinez also previously served as Co-Chief Executive Officer of the Global Index and Markets Group of BGI, Chairman of Barclays Global Investor Services and Chief Executive Officer of the Capital Markets Group of BGI. From 2003-2012, he was a Director and Executive Committee Member for Larkin Street Youth Services, providing governance oversight and strategy development to an agency that provides emergency and transitional housing, healthcare, education, job and life skills training to homeless youth. He now serves on the Larkin Street Honorary Board. Since 2012, Mr. Martinez has served as a Director for Reading Partners, an organization committed to making all children literate through one-on-one

tutoring of students in grades K-4 who are not yet reading at grade level. Mr. Martinez has an AB degree in economics from The University of California, Berkeley and holds an MBA degree in finance and statistics from The University of Chicago Booth School of Business.

Madhav V. Rajan has been a Trustee of the Trust since 2011 and Chair of the Equity Plus Committee and 15(c) Committee of the Trust since 2016. Mr. Rajan served as Chair of the Nominating and Governance Committee of the Trust in 2016 and Chair of the 15(c) Committee of the Trust from 2012 to 2015. Mr. Rajan has served as a Director of iShares, Inc. since 2011, Chair of the Nominating and Governance Committee of iShares, Inc. in 2016, Chair of the 15(c) Committee of iShares, Inc. from 2012 to 2015, Chair of the Equity Plus Committee and 15(c) Committee of iShares, Inc. since 2016, a Trustee of iShares U.S. ETF Trust since 2011, Chair of the Nominating and Governance Committee of iShares U.S. ETF Trust in 2016, Chair of the 15(c) Committee of iShares U.S. ETF Trust from 2012 to 2015 and Chair of the Equity Plus Committee and 15(c) Committee of iShares U.S. ETF Trust since 2016. Mr. Rajan served as a Director of iShares MSCI Russia Capped ETF, Inc. from 2011 to 2015. Mr. Rajan is the Robert K. Jaedicke Professor of Accounting at the Stanford University Graduate School of Business. He has taught accounting for over 20 years to undergraduate, MBA and law students, as well as to senior executives. Mr. Rajan serves as the Senior Associate Dean for Academic Affairs and head of the MBA Program at the Stanford University Graduate School of Business. Mr. Rajan served as editor of "The Accounting Review" from 2002 to 2008 and is co-author of "Cost Accounting: A Managerial Emphasis," a leading cost accounting textbook. Mr. Rajan holds MS, MBA and Ph.D. degrees in accounting from Carnegie Mellon University.

Drew E. Lawton has been an Advisory Board Member of the Trust since 2016. Mr. Lawton has served as an Advisory Board Member of iShares, Inc. since 2016 and an Advisory Board Member of iShares U.S. ETF Trust since 2016. Mr. Lawton served as Director of Principal Funds, Inc., Principal Variable Contracts Funds, Inc. and Principal Exchange-Traded Funds from March 2016 through October 2016. Mr. Lawton served in various capacities at New York Life Insurance Company from February 2010 to December 2015, most recently as a Senior Managing Director and Chief Executive Officer of New York Life Investment Management. From 2008 to 2010, Mr. Lawton was the President of Fridson Investment Advisors, LLC. Mr. Lawton previously held multiple roles at Fidelity Investments from 1997 to 2008. Mr. Lawton has a BA degree in Administrative Science from Yale University and an MBA from University of North Texas.

#### Board – Leadership Structure and Oversight Responsibilities

Overall responsibility for oversight of the Funds rests with the Board. The Board has engaged BFA to manage the Funds on a day-to-day basis. The Board is responsible for overseeing BFA and other service providers in the operations of the Funds in accordance with the provisions of the 1940 Act, applicable provisions of state and other laws and the Trust's charter. The Board is currently composed of nine members, seven of whom are Independent Trustees. The Board currently conducts regular in person meetings five times a year. In addition, the Board frequently holds special in person or telephonic meetings or informal conference calls to discuss specific matters that may arise or require action between regular meetings. The Independent Trustees meet regularly outside the presence of management, in executive session or with other service providers to the Trust.

The Board has appointed an Independent Trustee to serve in the role of Board Chair. The Board Chair's role is to preside at all meetings of the Board and to act as a liaison with service providers, officers, attorneys, and other Trustees generally between meetings. The Board Chair may also perform such other functions as may be delegated by the Board from time to time. The Board has established six standing Committees: a Nominating and Governance Committee, an Audit Committee, a 15(c) Committee, a Securities Lending Committee, an Equity Plus Committee and a Fixed Income Plus Committee to assist the Board in the oversight and direction of the business and affairs of the Funds, and from time to time the Board may establish ad hoc committees or informal working groups to review and address the policies and practices of the Funds with respect to certain specified matters. The Risk Committee has been established by the Board as an ad hoc Committee. The Chair of each standing Committee is an Independent Trustee. The role of the Chair of each Committee is to preside at all meetings of the Committee and to act as a liaison with service providers, officers, attorneys and other Trustees between meetings. Each standing Committee meets regularly to conduct the oversight functions delegated to the Committee by the Board and reports its finding to the Board. The Board and each standing Committee conduct annual assessments of their oversight function and structure. The Board has determined that the Board's leadership structure is appropriate because it allows the Board to exercise independent judgment over management and it allocates areas of responsibility among committees of Independent Trustees and the full Board to enhance effective oversight.

Day-to-day risk management with respect to the Funds is the responsibility of BFA or other service providers (depending on the nature of the risk), subject to the supervision of BFA. Each Fund is subject to a number of risks, including investment, compliance, operational, reputational, counterparty and valuation risks, among others. While there are a number of risk management functions performed by BFA and other service providers, as applicable, it is not possible to identify and eliminate all of the risks applicable to the Funds. The Trustees have an oversight role in this area, satisfying themselves that risk management processes and controls are in place and operating effectively. Risk oversight forms part of the Board's general oversight of each Fund and is addressed as part of various Board and committee activities. In some cases, risk management issues are specifically addressed in presentations and discussions. For example, BFA has an independent dedicated Risk and Quantitative Analysis ("RQA") Group that assists BFA in managing fiduciary and corporate risks, including investment, operational, counterparty credit and enterprise risk. Representatives of the RQA Group meet with the Board to discuss their analysis and methodologies, as well as specific risk topics such as operational and counterparty risks relating to the Funds. The Board, directly or through a committee, also reviews reports from, among others, management and the independent registered public accounting firm for the Trust, as appropriate, regarding risks faced by each Fund and management's risk functions. The Board has appointed a Chief Compliance Officer who oversees the implementation and testing of the Trust's compliance program, including assessments by independent third parties, and reports to the Board regarding compliance matters for the Trust and its principal service providers. In testing and maintaining the compliance program, the Chief Compliance Officer (and his or her delegates) assesses key compliance risks affecting each Fund, and addresses them in periodic reports to the Board. In addition, the Audit Committee meets with both the Funds' independent registered public accounting firm and BFA's internal audit group to review risk controls in place that support each Fund as well as test results. Board oversight of risk is also performed as needed between meetings through communications between BFA and the Board. The Independent Trustees have engaged independent legal counsel to assist them in performing their oversight responsibilities. From time to time, the Board may modify the manner in which it conducts risk oversight. The Board's oversight role does not make it a guarantor of the Funds' investment performance or other activities.

**Committees of the Board of Trustees.** The members of the Audit Committee are Charles A. Hurty, John E. Kerrigan and Madhav V. Rajan. The Chair of the Audit Committee is Charles A. Hurty. The purposes of the Audit Committee are to assist the Board (i) in its oversight of the Trust's accounting and financial reporting principles and policies and related controls and procedures maintained by or on behalf of the Trust; (ii) in its oversight of the Trust's financial statements and the independent audit thereof; (iii) in selecting, evaluating and, where deemed appropriate, replacing the independent accountants (or nominating the independent accountants to be proposed for shareholder approval in any proxy statement); (iv) in evaluating the independence of the independent accountants; (v) in complying with legal and regulatory requirements that relate to the Trust's accounting and financial reporting, internal controls, compliance controls and independent audits; and (vi) to assume such other responsibilities as may be delegated by the Board. The Audit Committee met seven times during the fiscal year ended July 31, 2016.

The members of the Nominating and Governance Committee are Cecilia H. Herbert, Jane D. Carlin, John E. Martinez and Madhav V. Rajan, all of whom are Independent Trustees. The Chair of the Nominating and Governance Committee is Cecilia H. Herbert. The Nominating and Governance Committee nominates individuals for Independent Trustee membership on the Board. The Nominating and Governance Committee functions include, but are not limited to, the following: (i) reviewing the qualifications of any person properly identified or nominated to serve as an Independent Trustee; (ii) recommending to the Board and current Independent Trustees the nominee(s) for appointment as an Independent Trustee by the Board and current Independent Trustees and/or for election as Independent Trustees by shareholders to fill any vacancy for a position of Independent Trustee(s) on the Board; (iii) recommending to the Board and current Independent Trustees the size and composition of the Board and Board committees and whether they comply with applicable laws and regulations; (iv) recommending a current Independent Trustee to the Board and current Independent Trustees to serve as Board Chair; (v) periodic review of the Board's retirement policy; and (vi) recommending an appropriate level of compensation for the Independent Trustees for their services as Trustees, members or chairpersons of committees of the Board, Board Chair and any other positions as the Nominating and Governance Committee considers appropriate. The Nominating and Governance Committee does not consider Board nominations recommended by shareholders (acting solely in their capacity as a shareholder and not in any other capacity). The Nominating and Governance Committee met three times during the fiscal year ended July 31, 2016.

Each Independent Trustee serves on the 15(c) Committee. The Chair of the 15(c) Committee is Madhav V. Rajan. The principal responsibilities of the 15(c) Committee are to support, oversee and organize on behalf of the Board the process for the annual review and renewal of the Trust's advisory and sub-advisory agreements. These responsibilities include: (i) meeting with BlackRock, Inc. in advance of the Board meeting at which the Trust's advisory and sub-advisory agreements are

to be considered to discuss generally the process for providing requested information to the Board and the format in which information will be provided; and (ii) considering and discussing with BlackRock, Inc. such other matters and information as may be necessary and appropriate for the Board to evaluate the investment advisory and sub-advisory agreements of the Trust. The 15(c) Committee met two times during the fiscal year ended July 31, 2016.

The members of the Securities Lending Committee are John E. Kerrigan, Jane D. Carlin and Madhav V. Rajan, all of whom are Independent Trustees. The Chair of the Securities Lending Committee is John E. Kerrigan. The principal responsibilities of the Securities Lending Committee are to support, oversee and organize on behalf of the Board the process for oversight of the Trust's securities lending activities. These responsibilities include: (i) requesting that certain information be provided to the Committee for its review and consideration prior to such information being provided to the Board; (ii) considering and discussing with BlackRock, Inc. such other matters and information as may be necessary and appropriate for the Board to oversee the Trust's securities lending activities and make required findings and approvals; and (iii) providing a recommendation to the Board regarding the annual approval of the Trust's Securities Lending Guidelines and the required findings with respect to, and annual approval of, the Trust's agreement with the lending agent. The Securities Lending Committee met six times during the fiscal year ended July 31, 2016.

The members of the Equity Plus Committee are Charles A. Hurty, John E. Kerrigan and Madhav V. Rajan, all of whom are Independent Trustees. The Chair of the Equity Plus Committee is Madhav V. Rajan. The principal responsibilities of the Equity Plus Committee are to support, oversee and organize on behalf of the Board the process for oversight of Trust performance and related matters for equity funds. These responsibilities include: (i) reviewing quarterly reports regarding Trust performance, secondary market trading and changes in net assets to identify any matters that should be brought to the attention of the Board; and (ii) considering any performance or investment related matters as may be delegated to the Committee by the Board from time to time and providing a report or recommendation to the Board as appropriate. The Equity Plus Committee met four times during the fiscal year ended July 31, 2016.

The members of the Fixed Income Plus Committee are Jane D. Carlin and John E. Martinez, all of whom are Independent Trustees. The Chair of the Fixed Income Plus Committee is John E. Martinez. The principal responsibilities of the Fixed Income Plus Committee are to support, oversee and organize on behalf of the Board the process for oversight of Trust performance and related matters for fixed-income or multi-asset funds. These responsibilities include: (i) reviewing quarterly reports regarding Trust performance, secondary market trading and changes in net assets to identify any matters that should be brought to the attention of the Board; and (ii) considering any performance or investment related matters as may be delegated to the Committee by the Board from time to time and providing a report or recommendation to the Board as appropriate. The Fixed Income Plus Committee met four times during the fiscal year ended July 31, 2016.

The members of the ad hoc Risk Committee are Charles A. Hurty, John E. Martinez and Jane D. Carlin, all of whom are Independent Trustees. The Chair of the Risk Committee is Jane D. Carlin. The principal responsibilities of the Risk Committee are to consider and organize on behalf of the Board risk related matters of the Funds so the Board may most effectively structure itself to oversee them. The Risk Committee commenced on January 1, 2016. The Risk Committee met two times during the fiscal year ended July 31, 2016.

As the Chair of the Board, Cecilia H. Herbert may serve as an ex-officio member of each Committee.

The following table sets forth, as of December 31, 2015, the dollar range of equity securities beneficially owned by each Trustee in the Funds and in other registered investment companies overseen by the Trustee within the same family of investment companies as the Trust. If a fund is not listed below, the Trustee did not own any securities in that fund as of the date indicated above:

| Name of Trustee  | Fund                       | Dollar Range of Equity Securities in the Fund | Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Trustee in Family of Investment Companies |
|------------------|----------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Robert S. Kapito | None                       | None                                          | None                                                                                                                                     |
| Mark Wiedman     | iShares Core MSCI EAFE ETF | \$50,001-\$100,000                            | Over \$100,000                                                                                                                           |

| Name of Trustee    | Fund                                            | Dollar Range of Equity Securities in the Fund | Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Trustee in Family of Investment Companies |
|--------------------|-------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
|                    | iShares Core MSCI Emerging Markets ETF          | \$50,001-\$100,000                            |                                                                                                                                          |
|                    | iShares Core S&P Total U.S. Stock Market ETF    | Over \$100,000                                |                                                                                                                                          |
| John E. Martinez   | iShares Core MSCI Emerging Markets ETF          | \$50,001-\$100,000                            | Over \$100,000                                                                                                                           |
|                    | iShares Core S&P 500 ETF                        | Over \$100,000                                |                                                                                                                                          |
|                    | iShares Core S&P Mid-Cap ETF                    | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares Core S&P Small-Cap ETF                  | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares Core S&P Total U.S. Stock Market ETF    | \$1-\$10,000                                  |                                                                                                                                          |
|                    | iShares Global Consumer Staples ETF             | Over \$100,000                                |                                                                                                                                          |
|                    | iShares MSCI All Country Asia ex Japan ETF      | Over \$100,000                                |                                                                                                                                          |
|                    | iShares MSCI EAFE ETF                           | Over \$100,000                                |                                                                                                                                          |
|                    | iShares Russell 1000 ETF                        | Over \$100,000                                |                                                                                                                                          |
|                    | iShares Russell 1000 Value ETF                  | Over \$100,000                                |                                                                                                                                          |
|                    | iShares Russell 2000 ETF                        | Over \$100,000                                |                                                                                                                                          |
|                    | iShares TIPS Bond ETF                           | \$50,001-\$100,000                            |                                                                                                                                          |
| Cecilia H. Herbert | iShares China Large-Cap ETF                     | Over \$100,000                                | Over \$100,000                                                                                                                           |
|                    | iShares Core Dividend Growth ETF                | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares Core High Dividend ETF                  | \$1-\$10,000                                  |                                                                                                                                          |
|                    | iShares Core MSCI Emerging Markets ETF          | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares Core MSCI Total International Stock ETF | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares Core S&P Small-Cap ETF                  | \$1-\$10,000                                  |                                                                                                                                          |
|                    | iShares Core S&P Total U.S. Stock Market ETF    | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares Core S&P U.S. Growth ETF                | \$50,001-\$100,000                            |                                                                                                                                          |
|                    | iShares Core S&P U.S. Value ETF                 | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares iBoxx \$ High Yield Corporate Bond ETF  | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares International Select Dividend ETF       | \$1-\$10,000                                  |                                                                                                                                          |
|                    | iShares MSCI EAFE ETF                           | \$1-\$10,000                                  |                                                                                                                                          |
|                    | iShares MSCI Emerging Markets ETF               | \$1-\$10,000                                  |                                                                                                                                          |
|                    | iShares MSCI Japan ETF                          | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares National Muni Bond ETF                  | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares U.S. Preferred Stock ETF                | \$10,001-\$50,000                             |                                                                                                                                          |
| Charles A. Hurty   | iShares China Large-Cap ETF                     | \$10,001-\$50,000                             | Over \$100,000                                                                                                                           |
|                    | iShares Core Growth Allocation ETF              | \$50,001-\$100,000                            |                                                                                                                                          |
|                    | iShares Core High Dividend ETF                  | \$10,001-\$50,000                             |                                                                                                                                          |
|                    | iShares Core Moderate Allocation ETF            | \$50,001-\$100,000                            |                                                                                                                                          |

| Name of Trustee  | Fund                                                 | Dollar Range of Equity Securities in the Fund | Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Trustee in Family of Investment Companies |
|------------------|------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
|                  | iShares Core MSCI Emerging Markets ETF               | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares Core S&P 500 ETF                             | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares Global Energy ETF                            | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares Global Healthcare ETF                        | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares Global Tech ETF                              | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares MSCI EAFE ETF                                | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares Russell 2000 ETF                             | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares U.S. Basic Materials ETF                     | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares U.S. Energy ETF                              | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares U.S. Technology ETF                          | \$50,001-\$100,000                            |                                                                                                                                          |
| John E. Kerrigan | iShares MSCI ACWI ETF                                | \$10,001-\$50,000                             | Over \$100,000                                                                                                                           |
|                  | iShares MSCI ACWI ex U.S. ETF                        | Over \$100,000                                |                                                                                                                                          |
|                  | iShares Short-Term National Muni Bond ETF            | Over \$100,000                                |                                                                                                                                          |
| Madhav V. Rajan  | iShares Core Dividend Growth ETF                     | Over \$100,000                                | Over \$100,000                                                                                                                           |
|                  | iShares Core High Dividend ETF                       | Over \$100,000                                |                                                                                                                                          |
|                  | iShares Core MSCI Emerging Markets ETF               | Over \$100,000                                |                                                                                                                                          |
|                  | iShares Core S&P 500 ETF                             | Over \$100,000                                |                                                                                                                                          |
|                  | iShares iBoxx \$ High Yield Corporate Bond ETF       | Over \$100,000                                |                                                                                                                                          |
|                  | iShares iBoxx \$ Investment Grade Corporate Bond ETF | Over \$100,000                                |                                                                                                                                          |
|                  | iShares Russell 2000 ETF                             | Over \$100,000                                |                                                                                                                                          |
|                  | iShares Select Dividend ETF                          | Over \$100,000                                |                                                                                                                                          |
| Jane D. Carlin   | iShares Core MSCI EAFE ETF                           | \$50,001-\$100,000                            | Over \$100,000                                                                                                                           |
|                  | iShares Core S&P Small-Cap ETF                       | \$10,001-\$50,000                             |                                                                                                                                          |
|                  | iShares Global Tech ETF                              | \$10,001-\$50,000                             |                                                                                                                                          |

As of December 31, 2015, none of the Independent Trustees or their immediate family members owned beneficially or of record any securities of BFA (the Funds' investment adviser), the Distributor or any person controlling, controlled by or under common control with BFA or the Distributor.

**Remuneration of Trustees.** Prior to January 1, 2016, each current Independent Trustee was paid an annual retainer of \$300,000 for his or her services as a Board member to the BlackRock-advised Funds in the Exchange-Traded Fund Complex, together with out-of-pocket expenses in accordance with the Board's policy on travel and other business expenses relating to attendance at meetings. The Independent Chairman of the Boards (Robert H. Silver) was paid an additional annual retainer of \$50,000. The Chair of the Audit Committees (Charles A. Hurty) was paid an additional annual retainer of \$40,000. The Chair of each of the Nominating and Governance Committees (Cecilia H. Herbert), Equity Plus Committees (Cecilia H. Herbert), Fixed Income Plus Committees (John H. Kerrigan), Securities Lending Committees (John E. Martinez) and 15(c) Committees (Madhav V. Rajan) was paid an additional annual retainer of \$15,000. Each Independent Trustee that served as a director of

subsidiaries of the Exchange-Traded Fund Complex is paid an additional annual retainer of \$10,000 (plus an additional \$1,772 paid annually to compensate for taxes due in the Republic of Mauritius in connection with such Trustee's service on the boards of certain Mauritius-based subsidiaries).

Effective January 1, 2016, the annual retainer for the then-current standing and ad hoc committee chairs became \$25,000, except for the Audit Committee Chair, whose retainer was unchanged. The annual retainer for services as a Board member, the annual retainer for the Independent Chair, and the annual retainer as a director of the Mauritius-based subsidiaries of the Exchange-Traded Fund Complex were unchanged. Cecilia H. Herbert does not receive an annual retainer for her service as Chair of the Nominating and Governance Committee. The annual retainer for services as an Advisory Board Member is identical to the annual retainer for services as a Board member.

The table below sets forth the compensation earned by each Independent Trustee, Interested Trustee and Advisory Board Member from each Fund for the fiscal year ended July 31, 2016 and the aggregate compensation paid to them by the Exchange-Traded Complex for the calendar year ended December 31, 2015.

| Name of Trustee               | iShares China Large-Cap ETF | iShares Edge MSCI Intl Momentum Factor ETF | iShares Edge MSCI Intl Quality Factor ETF | iShares Edge MSCI Intl Size Factor ETF |
|-------------------------------|-----------------------------|--------------------------------------------|-------------------------------------------|----------------------------------------|
| <i>Independent Trustees:</i>  |                             |                                            |                                           |                                        |
| Robert H. Silver <sup>1</sup> | \$ 870                      | \$4                                        | \$4                                       | \$1                                    |
| John E. Martinez              | 1,304                       | 6                                          | 6                                         | 2                                      |
| Cecilia H. Herbert            | 1,405                       | 6                                          | 6                                         | 2                                      |
| Charles A. Hurty              | 1,365                       | 6                                          | 6                                         | 2                                      |
| John E. Kerrigan              | 1,304                       | 6                                          | 6                                         | 2                                      |
| Madhav V. Rajan               | 1,304                       | 6                                          | 6                                         | 2                                      |
| Jane D. Carlin                | 1,304                       | 6                                          | 6                                         | 2                                      |

*Interested Trustees:*

|                  |      |     |     |     |
|------------------|------|-----|-----|-----|
| Robert S. Kapito | \$ 0 | \$0 | \$0 | \$0 |
| Mark Wiedman     | 0    | 0   | 0   | 0   |

*Advisory Board Member:*

|                             |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|
| Drew E. Lawton <sup>2</sup> | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
|-----------------------------|----------------|----------------|----------------|----------------|

| Name of Trustee               | iShares Edge MSCI Intl Value Factor ETF | iShares Edge MSCI Min Vol EAFE ETF | iShares Edge MSCI Min Vol Europe ETF | iShares Edge MSCI Min Vol Japan ETF |
|-------------------------------|-----------------------------------------|------------------------------------|--------------------------------------|-------------------------------------|
| <i>Independent Trustees:</i>  |                                         |                                    |                                      |                                     |
| Robert H. Silver <sup>1</sup> | \$ 9                                    | \$1,890                            | \$ 7                                 | \$12                                |
| John E. Martinez              | 14                                      | 2,835                              | 11                                   | 18                                  |
| Cecilia H. Herbert            | 15                                      | 3,053                              | 12                                   | 19                                  |
| Charles A. Hurty              | 14                                      | 2,966                              | 12                                   | 19                                  |
| John E. Kerrigan              | 14                                      | 2,835                              | 11                                   | 18                                  |
| Madhav V. Rajan               | 14                                      | 2,835                              | 11                                   | 18                                  |
| Jane D. Carlin                | 14                                      | 2,835                              | 11                                   | 18                                  |

*Interested Trustees:*

|                  |      |      |      |      |
|------------------|------|------|------|------|
| Robert S. Kapito | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Mark Wiedman     | 0    | 0    | 0    | 0    |

| Name of Trustee               | iShares Edge MSCI<br>Intl Value Factor<br>ETF         | iShares Edge MSCI<br>Min Vol EAFE ETF           | iShares Edge MSCI<br>Min Vol<br>Europe ETF             | iShares Edge MSCI<br>Min Vol Japan ETF      |
|-------------------------------|-------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------|---------------------------------------------|
| <i>Advisory Board Member:</i> |                                                       |                                                 |                                                        |                                             |
| Drew E. Lawton <sup>2</sup>   | Not Applicable                                        | Not Applicable                                  | Not Applicable                                         | Not Applicable                              |
| Name of Trustee               | iShares Edge MSCI<br>Min Vol USA ETF                  | iShares Edge MSCI<br>Multifactor<br>Intl ETF    | iShares Edge MSCI<br>Multifactor Intl<br>Small-Cap ETF | iShares Edge MSCI<br>Multifactor USA ETF    |
| <i>Independent Trustees:</i>  |                                                       |                                                 |                                                        |                                             |
| Robert H. Silver <sup>1</sup> | \$3,738                                               | \$27                                            | \$1                                                    | \$27                                        |
| John E. Martinez              | 5,607                                                 | 41                                              | 2                                                      | 40                                          |
| Cecilia H. Herbert            | 6,039                                                 | 44                                              | 2                                                      | 43                                          |
| Charles A. Hurty              | 5,866                                                 | 43                                              | 2                                                      | 42                                          |
| John E. Kerrigan              | 5,607                                                 | 41                                              | 2                                                      | 40                                          |
| Madhav V. Rajan               | 5,607                                                 | 41                                              | 2                                                      | 40                                          |
| Jane D. Carlin                | 5,607                                                 | 41                                              | 2                                                      | 40                                          |
| <i>Interested Trustees:</i>   |                                                       |                                                 |                                                        |                                             |
| Robert S. Kapito              | \$ 0                                                  | \$ 0                                            | \$0                                                    | \$ 0                                        |
| Mark Wiedman                  | 0                                                     | 0                                               | 0                                                      | 0                                           |
| <i>Advisory Board Member:</i> |                                                       |                                                 |                                                        |                                             |
| Drew E. Lawton <sup>2</sup>   | Not Applicable                                        | Not Applicable                                  | Not Applicable                                         | Not Applicable                              |
| Name of Trustee               | iShares Edge MSCI<br>Multifactor USA<br>Small-Cap ETF | iShares Edge MSCI<br>USA Momentum<br>Factor ETF | iShares Edge MSCI<br>USA Quality<br>Factor ETF         | iShares Edge MSCI<br>USA Size<br>Factor ETF |
| <i>Independent Trustees:</i>  |                                                       |                                                 |                                                        |                                             |
| Robert H. Silver <sup>1</sup> | \$3                                                   | \$398                                           | \$ 652                                                 | \$47                                        |
| John E. Martinez              | 5                                                     | 597                                             | 978                                                    | 71                                          |
| Cecilia H. Herbert            | 6                                                     | 643                                             | 1,054                                                  | 76                                          |
| Charles A. Hurty              | 5                                                     | 625                                             | 1,024                                                  | 74                                          |
| John E. Kerrigan              | 5                                                     | 597                                             | 978                                                    | 71                                          |
| Madhav V. Rajan               | 5                                                     | 597                                             | 978                                                    | 71                                          |
| Jane D. Carlin                | 5                                                     | 597                                             | 978                                                    | 71                                          |
| <i>Interested Trustees:</i>   |                                                       |                                                 |                                                        |                                             |
| Robert S. Kapito              | \$0                                                   | \$ 0                                            | \$ 0                                                   | \$ 0                                        |
| Mark Wiedman                  | 0                                                     | 0                                               | 0                                                      | 0                                           |
| <i>Advisory Board Member:</i> |                                                       |                                                 |                                                        |                                             |
| Drew E. Lawton <sup>2</sup>   | Not Applicable                                        | Not Applicable                                  | Not Applicable                                         | Not Applicable                              |

| Name of Trustee               | iShares Edge MSCI<br>USA Value<br>Factor ETF | iShares MSCI<br>EAFE ETF | iShares MSCI<br>EAFE Growth ETF | iShares MSCI<br>EAFE Small-Cap ETF |
|-------------------------------|----------------------------------------------|--------------------------|---------------------------------|------------------------------------|
| <i>Independent Trustees:</i>  |                                              |                          |                                 |                                    |
| Robert H. Silver <sup>1</sup> | \$ 163                                       | \$ 13,482                | \$ 579                          | \$ 1,454                           |
| John E. Martinez              | 244                                          | 20,223                   | 868                             | 2,181                              |
| Cecilia H. Herbert            | 263                                          | 21,778                   | 935                             | 2,349                              |
| Charles A. Hurty              | 255                                          | 21,156                   | 908                             | 2,282                              |
| John E. Kerrigan              | 244                                          | 20,223                   | 868                             | 2,181                              |
| Madhav V. Rajan               | 244                                          | 20,223                   | 868                             | 2,181                              |
| Jane D. Carlin                | 244                                          | 20,223                   | 868                             | 2,181                              |

*Interested Trustees:*

|                  |      |      |      |      |
|------------------|------|------|------|------|
| Robert S. Kapito | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Mark Wiedman     | 0    | 0    | 0    | 0    |

*Advisory Board Member:*

|                             |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|
| Drew E. Lawton <sup>2</sup> | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
|-----------------------------|----------------|----------------|----------------|----------------|

| Name of Trustee               | iShares MSCI<br>EAFE Value ETF | iShares MSCI<br>Europe Financials ETF | iShares MSCI Europe<br>Small-Cap ETF |
|-------------------------------|--------------------------------|---------------------------------------|--------------------------------------|
| <i>Independent Trustees:</i>  |                                |                                       |                                      |
| Robert H. Silver <sup>1</sup> | \$ 710                         | \$ 109                                | \$ 14                                |
| John E. Martinez              | 1,064                          | 164                                   | 21                                   |
| Cecilia H. Herbert            | 1,146                          | 176                                   | 23                                   |
| Charles A. Hurty              | 1,114                          | 171                                   | 22                                   |
| John E. Kerrigan              | 1,064                          | 164                                   | 21                                   |
| Madhav V. Rajan               | 1,064                          | 164                                   | 21                                   |
| Jane D. Carlin                | 1,064                          | 164                                   | 21                                   |

*Interested Trustees:*

|                  |      |      |      |
|------------------|------|------|------|
| Robert S. Kapito | \$ 0 | \$ 0 | \$ 0 |
| Mark Wiedman     | 0    | 0    | 0    |

*Advisory Board Member:*

|                             |                |                |                |
|-----------------------------|----------------|----------------|----------------|
| Drew E. Lawton <sup>2</sup> | Not Applicable | Not Applicable | Not Applicable |
|-----------------------------|----------------|----------------|----------------|

| Name of Trustee               | Pension or<br>Retirement Benefits<br>Accrued As Part<br>of Trust Expenses <sup>3</sup> | Estimated<br>Annual Benefits<br>Upon Retirement <sup>3</sup> | Total Compensation<br>From the Funds<br>and Fund Complex <sup>4</sup> |
|-------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|
| <i>Independent Trustees:</i>  |                                                                                        |                                                              |                                                                       |
| Robert H. Silver <sup>1</sup> | Not Applicable                                                                         | Not Applicable                                               | \$350,000                                                             |
| John E. Martinez              | Not Applicable                                                                         | Not Applicable                                               | 326,764                                                               |
| Cecilia H. Herbert            | Not Applicable                                                                         | Not Applicable                                               | 341,764                                                               |
| Charles A. Hurty              | Not Applicable                                                                         | Not Applicable                                               | 340,000                                                               |
| John E. Kerrigan              | Not Applicable                                                                         | Not Applicable                                               | 315,000                                                               |

| Name of Trustee               | Pension or Retirement Benefits Accrued As Part of Trust Expenses <sup>3</sup> | Estimated Annual Benefits Upon Retirement <sup>3</sup> | Total Compensation From the Funds and Fund Complex <sup>4</sup> |
|-------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|
| Madhav V. Rajan               | Not Applicable                                                                | Not Applicable                                         | 315,000                                                         |
| Jane D. Carlin                | Not Applicable                                                                | Not Applicable                                         | 300,000 <sup>5</sup>                                            |
| <i>Interested Trustees:</i>   |                                                                               |                                                        |                                                                 |
| Robert S. Kapito              | Not Applicable                                                                | Not Applicable                                         | \$ 0                                                            |
| Mark Wiedman                  | Not Applicable                                                                | Not Applicable                                         | 0                                                               |
| <i>Advisory Board Member:</i> |                                                                               |                                                        |                                                                 |
| Drew E. Lawton <sup>2</sup>   | Not Applicable                                                                | Not Applicable                                         | Not Applicable                                                  |

<sup>1</sup> Served as an Independent Trustee through March 31, 2016.

<sup>2</sup> Compensation is not shown for Drew E. Lawton because he was appointed to serve as an Advisory Board Member effective October 18, 2016.

<sup>3</sup> No Trustee or officer is entitled to any pension or retirement benefits from the Trust.

<sup>4</sup> Includes compensation for service on the Board of Trustees of iShares U.S. ETF Trust and the Boards of Directors of iShares, Inc. and iShares MSCI Russia Capped ETF, Inc.

<sup>5</sup> Total compensation is shown for Jane D. Carlin for the period February 3, 2015 through December 31, 2015 because she was appointed to serve as an Independent Trustee of the Trust, effective February 3, 2015.

## Control Persons and Principal Holders of Securities.

The Trustees, Advisory Board Member and officers of the Trust collectively owned less than 1% of each Fund's outstanding shares as of October 31, 2016.

Although the Trust does not have information concerning the beneficial ownership of shares held in the names of Depository Trust Company ("DTC") participants (as defined below), as of October 31, 2016, the name and percentage ownership of each DTC participant that owned of record 5% or more of the outstanding shares of a Fund were as follows:

| Fund                        | Name                                                                                                                                              | Percentage of Ownership |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| iShares China Large-Cap ETF | Citibank, N.A.<br>3800 CitiBank Center Tampa<br>Building A/Floor 2<br>Tampa, FL 33610                                                             | 12.19%                  |
|                             | Brown Brothers Harriman & Co.<br>525 Washington Blvd.<br>11 <sup>th</sup> Floor<br>Jersey City, NJ 07310                                          | 7.99%                   |
|                             | The Bank of New York Mellon/Mellon Trust of<br>New England, National Association<br>One Boston Place<br>8 <sup>th</sup> Floor<br>Boston, MA 02108 | 6.78%                   |
|                             | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                                              | 6.73%                   |
|                             | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                                         | 6.35%                   |
|                             |                                                                                                                                                   |                         |
|                             |                                                                                                                                                   |                         |
|                             |                                                                                                                                                   |                         |
|                             |                                                                                                                                                   |                         |
|                             |                                                                                                                                                   |                         |
|                             |                                                                                                                                                   |                         |
|                             |                                                                                                                                                   |                         |

| Fund                                       | Name                                                                                                 | Percentage of Ownership |
|--------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------|
| iShares Edge MSCI Intl Momentum Factor ETF | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                            | 39.41%                  |
|                                            | Goldman, Sachs & Co.<br>30 Hudson Street<br>16 <sup>th</sup> Floor<br>Jersey City, NJ 07302          | 16.30%                  |
|                                            | Morgan Stanley Smith Barney LLC<br>1300 Thames Street<br>6th Floor<br>Baltimore, MD 21231            | 10.24%                  |
|                                            | Citadel Securities LLC<br>131 South Dearborn Street<br>Chicago, IL 60603                             | 6.47%                   |
|                                            | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281 | 5.41%                   |
|                                            | Interactive Brokers Retail Equity Clearing<br>8 Greenwich Office Park<br>Greenwich, CT 06831         | 5.08%                   |
|                                            | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                            | 36.43%                  |
|                                            | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                       | 17.31%                  |
|                                            | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281 | 14.62%                  |
|                                            | J.P. Morgan Clearing Corp<br>One Metrotech Center North<br>Brooklyn, NY 11201                        | 11.48%                  |
| iShares Edge MSCI Intl Quality Factor ETF  | Citadel Securities LLC<br>131 South Dearborn Street<br>Chicago, IL 60603                             | 7.91%                   |
|                                            | J.P. Morgan Clearing Corp<br>One Metrotech Center North<br>Brooklyn, NY 11201                        | 99.10%                  |
| iShares Edge MSCI Intl Size Factor ETF     | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                            | 46.09%                  |
| iShares Edge MSCI Intl Value Factor ETF    | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281 | 19.71%                  |
|                                            | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                          | 10.58%                  |

| Fund                                 | Name                                                                                                                       | Percentage of Ownership |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------|
| iShares Edge MSCI Min Vol EAFE ETF   | Reliance Trust Company<br>3300 Northeast Expressway Building 1, Suite 200<br>Atlanta, GA 30341                             | 6.76%                   |
|                                      | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                  | 15.15%                  |
|                                      | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                       | 10.77%                  |
|                                      | American Enterprise Investment Services, Inc.<br>901 3 <sup>rd</sup> Avenue South<br>Minneapolis, MN 55474                 | 8.07%                   |
|                                      | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302 | 6.98%                   |
|                                      | Bank of America NA/Client Assets<br>135 S LaSalle St<br>Chicago, IL 60603                                                  | 6.72%                   |
|                                      | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                                                | 5.99%                   |
|                                      | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302 | 16.12%                  |
|                                      | Citibank, N.A.<br>3800 CitiBank Center Tampa<br>Building A/Floor 2<br>Tampa, FL 33610                                      | 13.18%                  |
|                                      | BlackRock Institutional Trust Company, N.A.<br>400 Howard Street<br>San Francisco, CA 94105                                | 9.22%                   |
| iShares Edge MSCI Min Vol Europe ETF | LPL Financial Corporation<br>9785 Towne Centre Drive<br>San Diego, CA 92121-1968                                           | 7.98%                   |
|                                      | American Enterprise Investment Services, Inc.<br>901 3 <sup>rd</sup> Avenue South<br>Minneapolis, MN 55474                 | 7.80%                   |
|                                      | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                       | 7.01%                   |
|                                      | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                                                | 5.53%                   |
|                                      |                                                                                                                            |                         |
|                                      |                                                                                                                            |                         |

| Fund                                   | Name                                                                                                                       | Percentage of Ownership |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------|
| iShares Edge MSCI Min Vol Japan ETF    | Morgan Stanley Smith Barney LLC<br>1300 Thames Street<br>6th Floor<br>Baltimore, MD 21231                                  | 31.15%                  |
|                                        | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302 | 25.96%                  |
|                                        | Fifth Third Bank (The)<br>5001 Kingsley Drive<br>Cincinnati, OH 45263                                                      | 5.83%                   |
| iShares Edge MSCI Min Vol USA ETF      | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                       | 13.10%                  |
|                                        | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                                                | 8.96%                   |
|                                        | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302 | 8.71%                   |
|                                        | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                  | 6.38%                   |
|                                        | State Street Bank and Trust Company<br>1776 Heritage Drive<br>North Quincy, MA 02171                                       | 6.20%                   |
|                                        | Morgan Stanley Smith Barney LLC<br>1300 Thames Street<br>6th Floor<br>Baltimore, MD 21231                                  | 5.06%                   |
|                                        | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302 | 37.79%                  |
| iShares Edge MSCI Multifactor Intl ETF | The Bank of New York Mellon<br>401 Salina Street<br>2nd Floor<br>Syracuse, NY 13202                                        | 18.75%                  |
|                                        | Wells Fargo Securities, LLC<br>8739 Research Drive<br>Charlotte, NC 28262-0675                                             | 16.41%                  |
|                                        | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                                             | 6.17%                   |

| Fund                                             | Name                                                                                                                       | Percentage of Ownership |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------|
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | Goldman, Sachs & Co.<br>30 Hudson Street<br>16 <sup>th</sup> Floor<br>Jersey City, NJ 07302                                | 5.94%                   |
|                                                  | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                       | 29.02%                  |
|                                                  | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                                             | 22.97%                  |
|                                                  | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                  | 9.65%                   |
|                                                  | J.P. Morgan Clearing Corp<br>One Metrotech Center North<br>Brooklyn, NY 11201                                              | 8.98%                   |
|                                                  | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                                                | 8.58%                   |
|                                                  | LPL Financial Corporation<br>9785 Towne Centre Drive<br>San Diego, CA 92121-1968                                           | 5.09%                   |
|                                                  | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302 | 41.35%                  |
|                                                  | The Bank of New York Mellon<br>401 Salina Street<br>2nd Floor<br>Syracuse, NY 13202                                        | 20.65%                  |
|                                                  | Raymond, James & Associates, Inc.<br>880 Carillon Parkway<br>P.O. Box 12749<br>St. Petersburg, FL 33733                    | 10.57%                  |
| iShares Edge MSCI Multifactor USA ETF            | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                                             | 5.63%                   |
|                                                  | The Bank of New York Mellon<br>401 Salina Street<br>2nd Floor<br>Syracuse, NY 13202                                        | 49.48%                  |
|                                                  | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                                             | 24.90%                  |
|                                                  | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                                                | 5.26%                   |
|                                                  |                                                                                                                            |                         |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  |                                                                                                                            |                         |
|                                                  |                                                                                                                            |                         |
|                                                  |                                                                                                                            |                         |
|                                                  |                                                                                                                            |                         |
|                                                  |                                                                                                                            |                         |

| Fund                                      | Name                                                                                                                                    | Percentage of Ownership |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| iShares Edge MSCI USA Momentum Factor ETF | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                                    | 16.05%                  |
|                                           | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                               | 12.76%                  |
|                                           | State Street Bank and Trust Company<br>1776 Heritage Drive<br>North Quincy, MA 02171                                                    | 10.06%                  |
|                                           | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                                                          | 7.33%                   |
|                                           | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                                                             | 6.01%                   |
|                                           | UBS Financial Services Inc.<br>1000 Harbor Blvd.<br>8 <sup>th</sup> Floor<br>Weehawken, NJ 07087                                        | 5.67%                   |
|                                           | State Street Bank and Trust Company<br>1776 Heritage Drive<br>North Quincy, MA 02171                                                    | 15.07%                  |
|                                           | Bank of America NA/Client Assets<br>135 S LaSalle St<br>Chicago, IL 60603                                                               | 12.03%                  |
|                                           | Citibank, N.A.<br>3800 CitiBank Center Tampa<br>Building A/Floor 2<br>Tampa, FL 33610                                                   | 9.54%                   |
|                                           | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                               | 7.69%                   |
| iShares Edge MSCI USA Quality Factor ETF  | Brown Brothers Harriman & Co.<br>525 Washington Blvd.<br>11 <sup>th</sup> Floor<br>Jersey City, NJ 07310                                | 6.99%                   |
|                                           | PNC Bank, National Association<br>Institutional Service Group<br>8800 Tinicum Blvd.<br>Attn: Trade Sett. Dept<br>Philadelphia, PA 19153 | 6.67%                   |
|                                           | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302              | 5.50%                   |
|                                           | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                                    | 5.01%                   |

| Fund                                   | Name                                                                                                                                    | Percentage of Ownership |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| iShares Edge MSCI USA Size Factor ETF  | State Street Bank and Trust Company<br>1776 Heritage Drive<br>North Quincy, MA 02171                                                    | 84.20%                  |
| iShares Edge MSCI USA Value Factor ETF | Bank of America NA/Client Assets<br>135 S LaSalle St<br>Chicago, IL 60603                                                               | 16.49%                  |
|                                        | State Street Bank and Trust Company<br>1776 Heritage Drive<br>North Quincy, MA 02171                                                    | 14.49%                  |
|                                        | Citibank, N.A.<br>3800 CitiBank Center Tampa<br>Building A/Floor 2<br>Tampa, FL 33610                                                   | 12.75%                  |
|                                        | PNC Bank, National Association<br>Institutional Service Group<br>8800 Tinicum Blvd.<br>Attn: Trade Sett. Dept<br>Philadelphia, PA 19153 | 10.94%                  |
|                                        | Northern Trust Company (The)<br>801 South Canal Street<br>Chicago, IL 60612                                                             | 10.43%                  |
|                                        | Brown Brothers Harriman & Co.<br>525 Washington Blvd.<br>11 <sup>th</sup> Floor<br>Jersey City, NJ 07310                                | 8.23%                   |
| iShares MSCI EAFE ETF                  | JPMorgan Chase Bank, National Association<br>14201 Dallas Pkwy<br>12 <sup>th</sup> Floor<br>Dallas, TX 75240                            | 13.99%                  |
|                                        | BlackRock Institutional Trust Company, N.A.<br>400 Howard Street<br>San Francisco, CA 94105                                             | 7.26%                   |
|                                        | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302              | 6.75%                   |
|                                        | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                               | 6.30%                   |
|                                        | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                                    | 5.29%                   |
| iShares MSCI EAFE Growth ETF           | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                                    | 12.13%                  |
|                                        | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                               | 10.54%                  |

| Fund                               | Name                                                                                                 | Percentage of Ownership |
|------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------|
| iShares MSCI EAFE Small-Cap ETF    | Edward D. Jones & Co.<br>12555 Manchester Road<br>Saint Louis, MO 63131                              | 9.61%                   |
|                                    | Wells Fargo Bank, National Association<br>733 Marquette Ave<br>4th Floor<br>Minneapolis, MN 55402    | 7.34%                   |
|                                    | Morgan Stanley Smith Barney LLC<br>1300 Thames Street<br>6th Floor<br>Baltimore, MD 21231            | 5.80%                   |
|                                    | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                            | 22.23%                  |
|                                    | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281 | 10.91%                  |
|                                    | Edward D. Jones & Co.<br>12555 Manchester Road<br>Saint Louis, MO 63131                              | 9.42%                   |
|                                    | State Street Bank and Trust Company<br>1776 Heritage Drive<br>North Quincy, MA 02171                 | 8.84%                   |
|                                    | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                       | 8.13%                   |
|                                    | Pershing LLC<br>One Pershing Plaza<br>Jersey City, NJ 07399                                          | 7.46%                   |
|                                    | Edward D. Jones & Co.<br>12555 Manchester Road<br>Saint Louis, MO 63131                              | 31.60%                  |
| iShares MSCI EAFE Value ETF        | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                            | 10.66%                  |
|                                    | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281 | 9.53%                   |
|                                    | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                       | 6.89%                   |
| iShares MSCI Europe Financials ETF | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281 | 9.58%                   |
|                                    | UBS Financial Services Inc.<br>1000 Harbor Blvd.<br>8 <sup>th</sup> Floor<br>Weehawken, NJ 07087     | 7.31%                   |

| Fund                              | Name                                                                                                                       | Percentage of Ownership |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------|
| iShares MSCI Europe Small-Cap ETF | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                  | 7.05%                   |
|                                   | Morgan Stanley Smith Barney LLC<br>1300 Thames Street<br>6th Floor<br>Baltimore, MD 21231                                  | 7.02%                   |
|                                   | Merrill Lynch, Pierce Fenner & Smith<br>Safekeeping<br>101 Hudson Street<br>8 <sup>th</sup> Floor<br>Jersey City, NJ 07302 | 6.96%                   |
|                                   | JPMorgan Chase Bank, National Association<br>14201 Dallas Pkwy<br>12 <sup>th</sup> Floor<br>Dallas, TX 75240               | 6.45%                   |
|                                   | Citibank, N.A.<br>3800 CitiBank Center Tampa<br>Building A/Floor 2<br>Tampa, FL 33610                                      | 5.58%                   |
|                                   | National Financial Services LLC<br>200 Liberty Street<br>5 <sup>th</sup> Floor<br>New York, NY 10281                       | 18.27%                  |
|                                   | State Street Bank and Trust Company<br>1776 Heritage Drive<br>North Quincy, MA 02171                                       | 14.68%                  |
|                                   | Citibank, N.A.<br>3800 CitiBank Center Tampa<br>Building A/Floor 2<br>Tampa, FL 33610                                      | 10.31%                  |
|                                   | Charles Schwab & Co., Inc.<br>111 Pavonia Avenue<br>Jersey City, NJ 07310                                                  | 7.92%                   |
|                                   | Morgan Stanley Smith Barney LLC<br>1300 Thames Street<br>6th Floor<br>Baltimore, MD 21231                                  | 6.20%                   |
|                                   | UBS Financial Services Inc.<br>1000 Harbor Blvd.<br>8 <sup>th</sup> Floor<br>Weehawken, NJ 07087                           | 5.55%                   |
|                                   | TD Ameritrade Clearing, Inc.<br>1005 N. Ameritrade Place<br>Bellevue, NE 68005                                             | 5.06%                   |

**Potential Conflicts of Interest.** The PNC Financial Services Group, Inc. (“PNC”) has a significant economic interest in BlackRock, Inc., the parent of BFA, the Funds’ investment adviser. BlackRock, Inc. and PNC are considered to be affiliated persons of one another under the 1940 Act. Certain activities of BFA, BlackRock, Inc. and their affiliates (collectively, “BlackRock”) and PNC and its affiliates (collectively, “PNC” and together with BlackRock, “Affiliates”), with respect to the Funds and/or other accounts managed by BlackRock or PNC, may give rise to actual or perceived conflicts of interest such as those described below.

BlackRock is one of the world's largest asset management firms. PNC is a diversified financial services organization spanning the retail, business and corporate markets. BlackRock, PNC and their respective affiliates (including, for these purposes, their directors, partners, trustees, managing members, officers and employees), including the entities and personnel who may be involved in the investment activities and business operations of a Fund, are engaged worldwide in businesses, including managing equities, fixed-income securities, cash and alternative investments, and banking and other financial services, and have interests other than that of managing a Fund. These are considerations of which investors in a Fund should be aware, and which may cause conflicts of interest that could disadvantage a Fund and its shareholders. These businesses and interests include potential multiple advisory, transactional, financial and other relationships with, or interests in, companies, and interests in securities or other instruments that may be purchased or sold by a Fund.

BlackRock and the other Affiliates have proprietary interests in, and may manage or advise with respect to, accounts or funds (including separate accounts and other funds and collective investment vehicles) that have investment objectives similar to those of a Fund and/or that engage in transactions in the same types of securities, currencies and instruments as a Fund. One or more Affiliates are also major participants in the global currency, equities, swap and fixed-income markets, in each case, for the accounts of customers and, in some cases, on a proprietary basis. As such, one or more Affiliates are or may be actively engaged in transactions in the same securities, currencies, and instruments in which a Fund invests. Such activities could affect the prices and availability of the securities, currencies, and instruments in which a Fund invests, which could have an adverse impact on a Fund's performance. Such transactions, particularly in respect of most proprietary accounts or client accounts, will be executed independently of a Fund's transactions and thus at prices or rates that may be more or less favorable than those obtained by a Fund.

When BlackRock and the other Affiliates seek to purchase or sell the same assets for their managed accounts, including a Fund, the assets actually purchased or sold may be allocated among the accounts on a basis determined in their good faith discretion to be equitable. In some cases, this system may adversely affect the size or price of the assets purchased or sold for a Fund. In addition, transactions in investments by one or more other accounts managed by BlackRock or the other Affiliates may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a Fund, particularly, but not limited to, with respect to small-capitalization, emerging market or less liquid strategies. This may occur when investment decisions regarding a Fund are based on research or other information that is also used to support decisions for other accounts. When BlackRock or the other Affiliates implement a portfolio decision or strategy on behalf of another account ahead of, or contemporaneously with, similar decisions or strategies for a Fund, market impact, liquidity constraints, or other factors could result in the Fund receiving less favorable trading results and the costs of implementing such decisions or strategies could be increased or the Fund could otherwise be disadvantaged. BlackRock or the other Affiliates may, in certain cases, elect to implement internal policies and procedures designed to limit such consequences, which may cause a Fund to be unable to engage in certain activities, including purchasing or disposing of securities, when it might otherwise be desirable for it to do so.

Conflicts may also arise because portfolio decisions regarding a Fund may benefit other accounts managed by BlackRock or the other Affiliates. For example, the sale of a long position or establishment of a short position by a Fund may impair the price of the same security sold short by (and therefore benefit) one or more Affiliates or their other accounts or funds, and the purchase of a security or covering of a short position in a security by a Fund may increase the price of the same security held by (and therefore benefit) one or more Affiliates or their other accounts or funds.

In certain circumstances, BlackRock, on behalf of a Fund, may seek to buy from or sell securities to another fund or account advised by BlackRock or an Affiliate. BlackRock may (but is not required to) effect purchases and sales between BlackRock clients or clients of Affiliates ("cross trades"), including a Fund, if BlackRock believes such transactions are appropriate based on each party's investment objectives and guidelines, subject to applicable law and regulation. There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit BlackRock's decision to engage in these transactions for a Fund. BlackRock may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions. On any occasion when a Fund participates in a cross trade, BlackRock will comply with procedures adopted under applicable rules and SEC guidance.

BlackRock and the other Affiliates and their clients may pursue or enforce rights with respect to an issuer in which a Fund has invested, and those activities may have an adverse effect on the Fund. As a result, prices, availability, liquidity and terms of a Fund's investments may be negatively impacted by the activities of BlackRock or the other Affiliates or their clients, and transactions for the Fund may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case.

The results of a Fund's investment activities may differ significantly from the results achieved by BlackRock and the other Affiliates for their proprietary accounts or other accounts (including investment companies or collective investment vehicles) managed or advised by them. It is possible that one or more Affiliate-managed accounts and such other accounts will achieve investment results that are substantially more or less favorable than the results achieved by a Fund. Moreover, it is possible that a Fund will sustain losses during periods in which one or more Affiliates or Affiliate-managed accounts achieve significant profits on their trading for proprietary or other accounts. The opposite result is also possible.

From time to time, a Fund may be restricted from purchasing or selling securities, or from engaging in other investment activities because of regulatory, legal or contractual requirements applicable to BlackRock or one or more Affiliates or other accounts managed or advised by BlackRock or the other Affiliates for clients worldwide, and/or the internal policies of BlackRock and the other Affiliates designed to comply with such requirements. As a result, there may be periods, for example, when BlackRock and/or one or more Affiliates will not initiate or recommend certain types of transactions in certain securities or instruments with respect to which BlackRock and/or one or more Affiliates are performing services or when position limits have been reached. For example, the investment activities of one or more Affiliates for their proprietary accounts and accounts under their management may limit the investment opportunities for a Fund in certain emerging and other markets in which limitations are imposed upon the amount of investment, in the aggregate or in individual issuers, by affiliated foreign investors.

In connection with its management of a Fund, BlackRock may have access to certain fundamental analysis and proprietary technical models developed by one or more Affiliates. BlackRock will not be under any obligation, however, to effect transactions on behalf of a Fund in accordance with such analysis and models. In addition, neither BlackRock nor any of the other Affiliates will have any obligation to make available any information regarding their proprietary activities or strategies, or the activities or strategies used for other accounts managed by them, for the benefit of the management of a Fund and it is not anticipated that BlackRock will have access to such information for the purpose of managing the Fund. The proprietary activities or portfolio strategies of BlackRock and the other Affiliates, or the activities or strategies used for accounts managed by them or other customer accounts could conflict with the transactions and strategies employed by BlackRock in managing a Fund.

A Fund may be included in investment models developed by BlackRock and the other Affiliates for use by clients and financial advisors. The price, availability and liquidity of a Fund may be impacted by purchases and redemptions of a Fund by model-driven investment portfolios.

In addition, certain principals and certain employees of BlackRock are also principals or employees of Affiliates. As a result, these principals and employees may have obligations to such other entities or their clients and such obligations to other entities or clients may be a consideration of which investors in a Fund should be aware.

BlackRock may enter into transactions and invest in securities, instruments and currencies on behalf of a Fund in which clients of BlackRock or the other Affiliates, or, to the extent permitted by the SEC and applicable law, BlackRock or another Affiliate, serves as the counterparty, principal or issuer. In such cases, such party's interests in the transaction will be adverse to the interests of the Fund, and such party may have no incentive to assure that the Fund obtains the best possible prices or terms in connection with the transactions. In addition, the purchase, holding and sale of such investments by a Fund may enhance the profitability of BlackRock or the other Affiliates. One or more Affiliates may also create, write or issue derivatives for their clients, the underlying securities, currencies or instruments of which may be those in which a Fund invests or which may be based on the performance of the Fund. A Fund may, subject to applicable law, purchase investments that are the subject of an underwriting or other distribution by one or more Affiliates and may also enter into transactions with other clients of an Affiliate where such other clients have interests adverse to those of the Fund.

At times, these activities may cause departments of BlackRock or the other Affiliates to give advice to clients that may cause these clients to take actions adverse to the interests of a Fund. To the extent affiliated transactions are permitted, a Fund will deal with BlackRock and the other Affiliates (except with respect to BFA or affiliated sub-advisers of a Fund, as applicable) on an arms-length basis.

To the extent authorized by applicable law, one or more Affiliates may act as broker, dealer, agent, lender or adviser or in other commercial capacities for a Fund. It is anticipated that the commissions, markups, markdowns, financial advisory fees, underwriting and placement fees, sales fees, financing and commitment fees, brokerage fees, other fees, compensation or profits, rates, terms and conditions charged by an Affiliate will be in its view commercially reasonable, although each Affiliate,

including its sales personnel, will have an interest in obtaining fees and other amounts that are favorable to the Affiliate and such sales personnel, which may have an adverse effect on the Funds.

Subject to applicable law, the Affiliates (and their personnel and other distributors) will be entitled to retain fees and other amounts that they receive in connection with their service to the Funds as broker, dealer, agent, lender, adviser or in other commercial capacities. No accounting to a Fund or its shareholders will be required, and no fees or other compensation payable by a Fund or its shareholders will be reduced by reason of receipt by an Affiliate of any such fees or other amounts.

When an Affiliate acts as broker, dealer, agent, adviser or in other commercial capacities in relation to the Funds, the Affiliate may take commercial steps in its own interests, which may have an adverse effect on the Funds. A Fund will be required to establish business relationships with its counterparties based on the Fund's own credit standing. Neither BlackRock nor any of the Affiliates will have any obligation to allow their credit to be used in connection with a Fund's establishment of its business relationships, nor is it expected that the Fund's counterparties will rely on the credit of BlackRock or any of the other Affiliates in evaluating the Fund's creditworthiness.

Lending on behalf of a Fund is done by BTC pursuant to SEC exemptive relief, enabling BTC to act as securities lending agent to, and receive a share of securities lending revenues from, a Fund. An Affiliate will also receive compensation for managing the reinvestment of the cash collateral from securities lending. There is a potential conflict of interest in that BTC as a lending agent may have an incentive to increase the amount of securities on loan or to lend riskier assets in order to generate additional revenue for BTC and its affiliates.

Purchases and sales of securities and other assets for a Fund may be bunched or aggregated with orders for other BlackRock client and fund accounts. BlackRock, however, is not required to bunch or aggregate orders if portfolio management decisions for different accounts or funds are made separately, or if it determines that bunching or aggregating is not practicable or required, is not in the best interest of the Fund, or in cases involving client direction.

Prevailing trading activity frequently may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may be averaged, and the Funds will be charged or credited with the average price. Thus, the effect of the aggregation may operate on some occasions to the disadvantage of the Funds. In addition, under certain circumstances, the Funds will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order.

BlackRock may select brokers (including, without limitation, Affiliates, to the extent permitted by applicable law) that furnish BlackRock, the Funds, other BlackRock client accounts or other Affiliates or personnel, directly or through correspondent relationships, with research or other appropriate services which provide, in BlackRock's view, appropriate assistance to BlackRock in the investment decision-making process (including with respect to futures, fixed-price offerings and OTC transactions). Such research or other services may include, to the extent permitted by law, research reports on companies, industries and securities; economic and financial data; financial publications; proxy analysis; trade industry seminars; computer data bases; research-oriented software and other services and products. Research or other services obtained in this manner may be used in servicing other BlackRock client accounts, including in connection with BlackRock client accounts other than those that pay commissions to the broker relating to the research or other service arrangements. Such products and services may disproportionately benefit other BlackRock client accounts relative to the Funds based on the amount of brokerage commissions paid by the Funds and such other BlackRock client accounts. For example, research or other services that are paid for through one client's commissions may not be used in managing that client's account. In addition, other BlackRock client accounts may receive the benefit, including disproportionate benefits, of economies of scale or price discounts in connection with products and services that may be provided to the Funds and to such other BlackRock client accounts. To the extent that BlackRock uses soft dollars, it will not have to pay for those products and services itself.

BlackRock does not currently enter into arrangements to use the Funds' assets for, or participate in, soft dollars, although BlackRock may receive research that is bundled with the trade execution, clearing, and/or settlement services provided by a particular broker-dealer. To the extent that BlackRock receives research on this basis, many of the same conflicts related to traditional soft dollars may exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing, and settlement services provided by the broker-dealer and will not be paid by BlackRock.

BlackRock may endeavor to execute trades through brokers who, pursuant to such arrangements, provide research or other services in order to ensure the continued receipt of research or other services BlackRock believes are useful in its investment

decision-making process. BlackRock may from time to time choose not to engage in the above described arrangements to varying degrees. BlackRock may also enter into commission sharing arrangements under which BlackRock may execute transactions through a broker-dealer, including, where permitted, an Affiliate, and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research to BlackRock. To the extent that BlackRock engages in commission sharing arrangements, many of the same conflicts related to traditional soft dollars may exist.

BlackRock may utilize certain electronic crossing networks (“ECNs”) (including, without limitation, ECNs in which BlackRock or the other Affiliates have an investment or other interest, to the extent permitted by applicable law) in executing client securities transactions for certain types of securities. These ECNs may charge fees for their services, including access fees and transaction fees. The transaction fees, which are similar to commissions or markups/markdowns, will generally be charged to clients and, like commissions and markups/markdowns, would generally be included in the cost of the securities purchased. Access fees may be paid by BlackRock even though incurred in connection with executing transactions on behalf of clients, including the Funds. In certain circumstances, ECNs may offer volume discounts that will reduce the access fees typically paid by BlackRock. BlackRock will only utilize ECNs consistent with its obligation to seek to obtain best execution in client transactions.

BlackRock has adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions that it makes on behalf of advisory clients, including the Funds, and to help ensure that such decisions are made in accordance with BlackRock’s fiduciary obligations to its clients. Nevertheless, notwithstanding such proxy voting policies and procedures, actual proxy voting decisions of BlackRock may have the effect of favoring the interests of other clients or businesses of other divisions or units of BlackRock and/or the other Affiliates, provided that BlackRock believes such voting decisions to be in accordance with its fiduciary obligations. For a more detailed discussion of these policies and procedures, see the *Proxy Voting Policy* section of this SAI.

It is also possible that, from time to time, BlackRock or the other Affiliates may, subject to compliance with applicable law, purchase and hold shares of a Fund. Increasing a Fund’s assets may enhance liquidity, investment flexibility and diversification and may contribute to economies of scale that tend to reduce the Fund’s expense ratio. BlackRock and the other Affiliates reserve the right, subject to compliance with applicable law, to sell into the market or redeem in Creation Unit size through an Authorized Participant at any time some or all of the shares of a Fund acquired for their own accounts. A large sale or redemption of shares of a Fund by BlackRock or the other Affiliates could significantly reduce the asset size of the Fund, which might have an adverse effect on the Fund’s liquidity, investment flexibility, portfolio diversification, expense ratio or ability to comply with the listing requirements for the Fund. BlackRock seeks to consider the effect of redemptions on a Fund and other shareholders in deciding whether to redeem its shares but is not obligated to do so and may elect not to do so.

It is possible that a Fund may invest in securities of, or engage in transactions with, companies with which an Affiliate has developed or is trying to develop investment banking relationships as well as securities of entities in which BlackRock or the other Affiliates has significant debt or equity investments or other interests or in which an Affiliate makes a market. A Fund also may invest in securities of, or engage in transactions with, companies to which an Affiliate provides or may in the future provide research coverage. Such investments or transactions could cause conflicts between the interests of a Fund and the interests of BlackRock, other clients of BlackRock or the other Affiliates. In making investment decisions for a Fund, BlackRock is not permitted to obtain or use material non-public information acquired by any division, department or Affiliate of BlackRock in the course of these activities. In addition, from time to time, the activities of an Affiliate may limit a Fund’s flexibility in purchases and sales of securities. When an Affiliate is engaged in an underwriting or other distribution of securities of an entity, BlackRock may be prohibited from purchasing or recommending the purchase of certain securities of that entity for a Fund. As indicated below, BlackRock or the other Affiliates may engage in transactions with companies in which BlackRock-advised funds or other clients of BlackRock or of an Affiliate have an investment.

BlackRock and Chubb Limited (“Chubb”), a public company whose securities are held by BlackRock-advised funds and other accounts, partially funded the creation of a re-insurance company (“Re Co”) pursuant to which each has approximately a 9.9% ownership interest and each has representation on the board of directors. Certain employees and executives of BlackRock have a less than ½ of 1% ownership interest in Re Co. BlackRock manages the investment portfolio of Re Co, which is held in a wholly-owned subsidiary. Re Co participates as a reinsurer with reinsurance contracts underwritten by subsidiaries of Chubb. An independent director of certain BlackRock-advised funds also serves as an independent director of Chubb and has no interest or involvement in the Re Co transaction.

BlackRock and the other Affiliates, their personnel and other financial service providers may have interests in promoting sales of a Fund. With respect to BlackRock and the other Affiliates and their personnel, the remuneration and profitability relating to services to and sales of a Fund or other products may be greater than remuneration and profitability relating to services to and sales of certain funds or other products that might be provided or offered. BlackRock and the other Affiliates and their sales personnel may directly or indirectly receive a portion of the fees and commissions charged to a Fund or its shareholders. BlackRock and its advisory or other personnel may also benefit from increased amounts of assets under management. Fees and commissions may also be higher than for other products or services, and the remuneration and profitability to BlackRock or the other Affiliates and such personnel resulting from transactions on behalf of or management of a Fund may be greater than the remuneration and profitability resulting from other funds or products.

BlackRock and the other Affiliates and their personnel may receive greater compensation or greater profit in connection with an account for which BlackRock serves as an adviser than with an account advised by an unaffiliated investment adviser. Differentials in compensation may be related to the fact that BlackRock may pay a portion of its advisory fee to its Affiliate, or relate to compensation arrangements, including for portfolio management, brokerage transactions or account servicing. Any differential in compensation may create a financial incentive on the part of BlackRock or the other Affiliates and their personnel to recommend BlackRock over unaffiliated investment advisers or to effect transactions differently in one account over another.

Third parties, including service providers to BlackRock or a Fund, may sponsor events (including, but not limited to, marketing and promotional activities and presentations, educational training programs and conferences) for registered representatives, other professionals and individual investors. There is a potential conflict of interest as such sponsorships may defray the costs of such activities to BlackRock, and may provide an incentive to BlackRock to retain such third parties to provide services to a Fund.

BlackRock and the other Affiliates may provide valuation assistance to certain clients with respect to certain securities or other investments and the valuation recommendations made for their clients' accounts may differ from the valuations for the same securities or investments assigned by a Fund's pricing vendors, especially if such valuations are based on broker-dealer quotes or other data sources unavailable to the Fund's pricing vendors. While BlackRock will generally communicate its valuation information or determinations to a Fund's pricing vendors and/or fund accountants, there may be instances where the Fund's pricing vendors or fund accountants assign a different valuation to a security or other investment than the valuation for such security or investment determined or recommended by BlackRock.

As disclosed in more detail in the *Determination of Net Asset Value* section of each Fund's Prospectus and this SAI, when market quotations are not readily available or are believed by BlackRock to be unreliable, a Fund's investments are valued at fair value by BlackRock in accordance with procedures adopted by the Board. When determining "fair value price," BlackRock seeks to determine the price that a Fund might reasonably expect to receive from the current sale of that asset or liability in an arm's-length transaction. The price generally may not be determined based on what the Fund might expect to receive for selling an asset or liability at a later time or if it holds the asset or liability to maturity. While fair value determinations will be based upon all available factors that BlackRock deems relevant at the time of the determination, and may be based on analytical values determined by BlackRock using proprietary or third-party valuation models, fair value represents only a good faith approximation of the value of an asset or liability. The fair value of one or more assets or liabilities may not, in retrospect, be the price at which those assets or liabilities could have been sold during the period in which the particular fair values were used in determining a Fund's net asset value. As a result, a Fund's sale or redemption of its shares at net asset value, at a time when a holding or holdings are valued by BlackRock (pursuant to Board-adopted procedures) at fair value, may have the effect of diluting or increasing the economic interest of existing shareholders and may affect the amount of revenue received by BlackRock with respect to services for which it receives an asset-based fee.

To the extent permitted by applicable law, a Fund may invest all or some of its short-term cash investments in any money market fund or similarly-managed private fund advised or managed by BlackRock. In connection with any such investments, a Fund, to the extent permitted by the 1940 Act, may pay its share of expenses of a money market fund or other similarly-managed private fund in which it invests, which may result in a Fund bearing some additional expenses.

BlackRock and the other Affiliates and their directors, officers and employees, may buy and sell securities or other investments for their own accounts and may have conflicts of interest with respect to investments made on behalf of a Fund. As a result of differing trading and investment strategies or constraints, positions may be taken by directors, officers, employees and Affiliates that are the same, different from or made at different times than positions taken for the Fund. To

lessen the possibility that a Fund will be adversely affected by this personal trading, each Fund, BFA and BlackRock, Inc. have each adopted a code of ethics in compliance with Section 17(j) of the 1940 Act that restricts securities trading in the personal accounts of investment professionals and others who normally come into possession of information regarding the Fund's portfolio transactions. Each code of ethics is available by contacting BlackRock or by accessing the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>, and copies may be obtained, after paying a duplicating fee, by e-mail at [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the SEC's Public Reference Room, Washington, DC 20549-1520. Information about accessing documents on the SEC's website may be obtained by calling the SEC at (800) SEC-0330.

BlackRock and the other Affiliates will not purchase securities or other property from, or sell securities or other property to, a Fund, except that the Fund may in accordance with rules or guidance adopted under the 1940 Act engage in transactions with accounts that are affiliated with the Fund as a result of common officers, directors, or investment advisers or pursuant to exemptive orders granted to the Funds and/or BlackRock by the SEC. These transactions would be effected in circumstances in which BlackRock determined that it would be appropriate for a Fund to purchase and another client of BlackRock to sell, or the Fund to sell and another client of BlackRock to purchase, the same security or instrument on the same day. From time to time, the activities of a Fund may be restricted because of regulatory requirements applicable to BlackRock or the other Affiliates and/or BlackRock's internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. A client not advised by BlackRock would not be subject to some of those considerations. There may be periods when BlackRock may not initiate or recommend certain types of transactions, or may otherwise restrict or limit their advice in certain securities or instruments issued by or related to companies for which an Affiliate is performing investment banking, market making, advisory or other services or has proprietary positions. For example, when an Affiliate is engaged in an underwriting or other distribution of securities of, or advisory services for, a company, the Funds may be prohibited from or limited in purchasing or selling securities of that company. In addition, when BlackRock provides advisory or risk management services for a company, BlackRock may be prohibited from or limited in purchasing or selling securities of that company on behalf of a Fund, particularly where such services result in BlackRock obtaining material non-public information about the company (e.g., in connection with participation in a creditors' committee). Similar situations could arise if personnel of BlackRock or the other Affiliates serve as directors of companies the securities of which a Fund wishes to purchase or sell. However, if permitted by applicable law, and where consistent with BlackRock's policies and procedures (including the necessary implementation of appropriate information barriers), the Funds may purchase securities or instruments that are issued by such companies, are the subject of an underwriting, distribution or advisory assignment by an Affiliate, or are the subject of an advisory or risk management assignment by BlackRock, or where personnel of BlackRock or the other Affiliates are directors or officers of the issuer.

The investment activities of one or more Affiliates for their proprietary accounts and for client accounts may also limit the investment strategies and rights of the Funds. For example, in certain circumstances where a Fund invests in securities issued by companies that operate in certain regulated industries or in certain emerging or international markets, are subject to corporate or regulatory ownership definitions, or invest in certain futures and derivative transactions, there may be limits on the aggregate amount invested by Affiliates (including BlackRock) for their proprietary accounts and for client accounts (including the Funds) that may not be exceeded without the grant of a license or other regulatory or corporate consent or, if exceeded, may cause BlackRock, the Funds or other client accounts to suffer disadvantages or business restrictions.

If certain aggregate ownership thresholds are reached or certain transactions are undertaken, the ability of BlackRock on behalf of clients (including the Funds) to purchase or dispose of investments, or exercise rights or undertake business transactions, may be restricted by regulation or otherwise impaired. As a result, BlackRock, on behalf of clients (including the Funds), may limit purchases, sell existing investments, or otherwise restrict or limit the exercise of rights (including voting rights) when BlackRock, in its sole discretion, deems it appropriate in light of potential regulatory or other restrictions on ownership or other consequences resulting from reaching investment thresholds.

In those circumstances where ownership thresholds or limitations must be observed, BlackRock seeks to allocate limited investment opportunities equitably among clients (including the Funds), taking into consideration benchmark weight and investment strategy. When ownership in certain securities nears an applicable threshold, BlackRock may limit purchases in such securities to the issuer's weighting in the applicable benchmark used by BlackRock to manage a Fund. If client (including Fund) holdings of an issuer exceed an applicable threshold and BlackRock is unable to obtain relief to enable the continued holding of such investments, it may be necessary to sell down these positions to meet the applicable limitations. In these cases, benchmark overweight positions will be sold prior to benchmark positions being reduced to meet applicable limitations.

In addition to the foregoing, other ownership thresholds may trigger reporting requirements to governmental and regulatory authorities, and such reports may entail the disclosure of the identity of a client or BlackRock’s intended strategy with respect to such security or asset.

BlackRock and the other Affiliates may not serve as Authorized Participants in the creation and redemption of iShares ETFs, but may serve as authorized participants of third-party ETFs.

BlackRock may enter into contractual arrangements with third-party service providers to a Fund (e.g., custodians and administrators) pursuant to which BlackRock receives fee discounts or concessions in recognition of BlackRock’s overall relationship with such service providers. To the extent that BlackRock is responsible for paying these service providers out of its management fee, the benefits of any such fee discounts or concessions may accrue, in whole or in part, to BlackRock.

BlackRock or the other Affiliates own or have an ownership interest in certain trading, portfolio management, operations and/or information systems used by Fund service providers. These systems are, or will be, used by a Fund service provider in connection with the provision of services to accounts managed by BlackRock and funds managed and sponsored by BlackRock, including the Funds, that engage the service provider (typically the custodian). A Fund’s service provider remunerates BlackRock or the other Affiliates for the use of the systems. A Fund service provider’s payments to BlackRock or the other Affiliates for the use of these systems may enhance the profitability of BlackRock and the other Affiliates. BlackRock’s or the other Affiliates’ receipt of fees from a service provider in connection with the use of systems provided by BlackRock or the other Affiliates may create an incentive for BlackRock to recommend that a Fund enter into or renew an arrangement with the service provider.

Present and future activities of BlackRock and the other Affiliates, including BFA, in addition to those described in this section, may give rise to additional conflicts of interest.

## Investment Advisory, Administrative and Distribution Services

**Investment Adviser.** BFA serves as investment adviser to each Fund pursuant to an investment advisory agreement between the Trust, on behalf of each Fund, and BFA. BFA is a California corporation indirectly owned by BlackRock, Inc. and is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. Under the investment advisory agreement, BFA, subject to the supervision of the Board and in conformity with the stated investment policies of each Fund, manages and administers the Trust and the investment of each Fund’s assets. BFA is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of each Fund.

Pursuant to the investment advisory agreement, BFA may, from time to time, in its sole discretion and to the extent permitted by applicable law, appoint one or more sub-advisers, including, without limitation, affiliates of BFA, to perform investment advisory or other services with respect to a Fund. In addition, BFA may delegate certain of its investment advisory functions under the investment advisory agreement to one or more of its affiliates to the extent permitted by applicable law. BFA may terminate any or all sub-advisers or such delegation arrangements in its sole discretion upon appropriate notice at any time to the extent permitted by applicable law.

BFA is responsible, under the investment advisory agreement, for substantially all expenses of the Funds, including the cost of transfer agency, custody, fund administration, legal, audit and other services. BFA is not responsible for, and the Funds will bear the cost of, interest expense, taxes, brokerage expenses and other expenses connected with the execution of portfolio securities transactions, distribution fees and extraordinary expenses.

Effective July 1, 2016, for its investment advisory services to the iShares MSCI EAFE Small-Cap ETF, BFA is entitled to receive a management fee from the Fund corresponding to the Fund’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the iShares Europe ETF, iShares International Select Dividend ETF and iShares MSCI EAFE Small-Cap ETF (“Combined Funds”). The aggregate management fee is calculated as follows:

| Average Daily Net Assets of Combined Funds | Rate of Management Fee for the iShares MSCI EAFE Small-Cap ETF |
|--------------------------------------------|----------------------------------------------------------------|
| First \$12 billion                         | 0.4000%                                                        |

| Average Daily Net Assets of Combined Funds     | Rate of Management Fee for the iShares MSCI EAFE Small-Cap ETF |
|------------------------------------------------|----------------------------------------------------------------|
| Greater than \$12 billion – Up to \$18 billion | 0.3800%                                                        |
| Greater than \$18 billion – Up to \$24 billion | 0.3610%                                                        |
| Greater than \$24 billion                      | 0.3430%                                                        |

Each reduced management fee level set forth in the fee schedule above reflects a 5% reduction (rounded to the fourth decimal place) from the management fee at the prior Combined Funds' asset level.

For its investment advisory services to the iShares Edge MSCI Min Vol EAFE ETF and the iShares MSCI EAFE ETF, BFA is entitled to receive a management fee from each of the following iShares Funds corresponding to the Fund's allocable portion of an aggregate management fee based on the aggregate average daily net assets of the following iShares funds: 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 U.S. ETF and iShares MSCI EAFE ETF. The aggregate management fee is calculated as follows: 0.35% per annum of the aggregate net assets less than or equal to \$30.0 billion, plus 0.32% per annum of the aggregate net assets over \$30.0 billion, up to and including \$60.0 billion, plus 0.28% per annum of the aggregate net assets over \$60.0 billion, up to and including \$90.0 billion, plus 0.252% per annum of the aggregate net assets in excess of \$90.0 billion.

For its investment advisory services to the iShares MSCI EAFE Value ETF, BFA is entitled to receive a management fee from the Fund based on the aggregate average daily net assets of the Fund. The aggregate management fee is calculated as follows: 0.40% per annum of the aggregate net assets less than or equal to \$3.0 billion, plus 0.38% per annum of the aggregate net assets over \$3.0 billion, up to and including \$4.5 billion, plus 0.36% per annum of the aggregate net assets over \$4.5 billion, up to and including \$6.0 billion, plus 0.34% per annum of the aggregate net assets in excess of \$6.0 billion.

For its investment advisory services, BFA is entitled to receive a management fee from the iShares China Large Cap ETF corresponding to the Fund's allocable portion of an aggregate management fee based on the aggregate average daily net assets of the following iShares funds: iShares China Large Cap ETF and iShares FTSE China ETF (until it liquidated effective August 28, 2015). The aggregate management fee is calculated as follows: 0.74% per annum of the aggregate net assets less than or equal to \$6.0 billion, plus 0.67% per annum of the aggregate net assets over \$6.0 billion, up to and including \$9.0 billion, plus 0.60% per annum of the aggregate net assets over \$9.0 billion, up to and including \$12.0 billion, plus 0.54% per annum of the aggregate net assets in excess of \$12.0 billion.

BFA may from time to time voluntarily waive and/or reimburse fees or expenses to reduce the Total Annual Fund Operating Expenses for each of iShares Edge MSCI Multifactor Intl ETF, iShares Edge MSCI Multifactor USA ETF and iShares Edge MSCI Multifactor USA Small-Cap ETF. Any such voluntary waiver or reimbursement may be eliminated by BFA at any time.

For its investment advisory services to each Fund, BFA received a management fee at the annual rates (as a percentage of such Fund's average net assets) set forth below for the fiscal years noted:

| Fund                                                  | Management Fee for the Fiscal Year Ended July 31, 2016 | Fund Inception Date | Management Fees Paid Net of Waivers for Fiscal Year Ended July 31, 2016 | Management Fees Paid Net of Waivers for Fiscal Year Ended July 31, 2015 | Management Fees Paid Net of Waivers for Fiscal Year Ended July 31, 2014 |
|-------------------------------------------------------|--------------------------------------------------------|---------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|
| iShares China Large-Cap ETF                           | 0.74%                                                  | 10/05/04            | \$36,272,128                                                            | \$46,900,098                                                            | \$39,300,368                                                            |
| iShares Edge MSCI Intl Momentum Factor ETF            | 0.30%                                                  | 01/13/15            | 29,725                                                                  | 8,888                                                                   | N/A                                                                     |
| iShares Edge MSCI Intl Quality Factor ETF             | 0.30%                                                  | 01/13/15            | 30,756                                                                  | 8,895                                                                   | N/A                                                                     |
| iShares Edge MSCI Intl Size Factor ETF                | 0.30%                                                  | 06/16/15            | 13,950                                                                  | 1,839                                                                   | N/A                                                                     |
| iShares Edge MSCI Intl Value Factor ETF               | 0.30%                                                  | 06/16/15            | 56,137                                                                  | 908                                                                     | N/A                                                                     |
| iShares Edge MSCI Min Vol EAFE ETF <sup>1</sup>       | 0.32%                                                  | 10/18/11            | 9,938,108                                                               | 3,577,265                                                               | 1,978,425                                                               |
| iShares Edge MSCI Min Vol Europe ETF                  | 0.25%                                                  | 06/03/14            | 63,450                                                                  | 15,133                                                                  | 2,008                                                                   |
| iShares Edge MSCI Min Vol Japan ETF                   | 0.30%                                                  | 06/03/14            | 93,831                                                                  | 37,322                                                                  | 4,986                                                                   |
| iShares Edge MSCI Min Vol USA ETF                     | 0.15%                                                  | 10/18/11            | 13,919,541                                                              | 6,005,645                                                               | 3,597,855                                                               |
| iShares Edge MSCI Multifactor Intl ETF <sup>2,3</sup> | 0.45%                                                  | 04/28/15            | 187,188                                                                 | 3,559                                                                   | N/A                                                                     |

| Fund                                                           | Management Fee for the Fiscal Year Ended July 31, 2016 | Fund Inception Date | Management Fees Paid Net of Waivers for Fiscal Year Ended July 31, 2016 | Management Fees Paid Net of Waivers for Fiscal Year Ended July 31, 2015 | Management Fees Paid Net of Waivers for Fiscal Year Ended July 31, 2014 |
|----------------------------------------------------------------|--------------------------------------------------------|---------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|
| iShares Edge MSCI Multifactor Intl Small-Cap ETF <sup>4</sup>  | 0.60%                                                  | 04/28/15            | 28,835                                                                  | 3,891                                                                   | N/A                                                                     |
| iShares Edge MSCI Multifactor USA ETF <sup>5,6</sup>           | 0.35%                                                  | 04/28/15            | 161,964                                                                 | 2,876                                                                   | N/A                                                                     |
| iShares Edge MSCI Multifactor USA Small-Cap ETF <sup>7,8</sup> | 0.50%                                                  | 04/28/15            | 26,045                                                                  | 3,999                                                                   | N/A                                                                     |
| iShares Edge MSCI USA Momentum Factor ETF                      | 0.15%                                                  | 04/16/13            | 1,671,490                                                               | 780,184                                                                 | 322,066                                                                 |
| iShares Edge MSCI USA Quality Factor ETF                       | 0.15%                                                  | 07/16/13            | 2,813,461                                                               | 1,306,369                                                               | 424,286                                                                 |
| iShares Edge MSCI USA Size Factor ETF                          | 0.15%                                                  | 04/16/13            | 308,374                                                                 | 319,518                                                                 | 181,752                                                                 |
| iShares Edge MSCI USA Value Factor ETF                         | 0.15%                                                  | 04/16/13            | 1,050,164                                                               | 823,845                                                                 | 192,666                                                                 |
| iShares MSCI EAFE ETF                                          | 0.33%                                                  | 08/14/01            | 187,042,595                                                             | 184,568,302                                                             | 170,786,518                                                             |
| iShares MSCI EAFE Growth ETF                                   | 0.40%                                                  | 08/01/05            | 8,678,208                                                               | 7,090,447                                                               | 6,832,806                                                               |
| iShares MSCI EAFE Small-Cap ETF                                | 0.40%                                                  | 12/10/07            | 21,176,121                                                              | 16,254,063                                                              | 13,439,557                                                              |
| iShares MSCI EAFE Value ETF                                    | 0.40%                                                  | 08/01/05            | 10,810,741                                                              | 10,846,416                                                              | 9,803,067                                                               |
| iShares MSCI Europe Financials ETF                             | 0.48%                                                  | 01/20/10            | 1,464,913                                                               | 1,972,052                                                               | 1,863,142                                                               |
| iShares MSCI Europe Small-Cap ETF                              | 0.40%                                                  | 11/12/07            | 224,535                                                                 | 162,080                                                                 | 230,094                                                                 |

<sup>1</sup> For the iShares Edge MSCI Min Vol EAFE ETF, BFA has contractually agreed to waive a portion of its management fee for its investment advisory services to the Fund in order to limit Total Annual Fund Operating Expenses to 0.20% of average daily net assets until November 30, 2021. The contractual waiver may be terminated prior to November 30, 2021 only upon written agreement of the Trust and BFA. For the fiscal years ended July 31, 2016, July 31, 2015 and July 31, 2014, BFA waived \$6,209,806, \$2,282,477 and \$1,318,676, respectively of its management fees.

<sup>2</sup> Effective December 16, 2016, the management fee for the iShares Edge MSCI Multifactor Intl ETF is 0.30%. Prior to December 16, 2016, the management fee for the iShares Edge MSCI Multifactor Intl ETF was 0.45%.

<sup>3</sup> For the iShares Edge MSCI Multifactor Intl ETF, BFA may voluntarily waive a portion of the management fee, as it determines, from time to time. For the fiscal year ended July 31, 2016, BFA waived \$17,848 of its management fees.

<sup>4</sup> Effective December 16, 2016, the management fee for the iShares Edge MSCI Multifactor Intl Small-Cap ETF is 0.40%. Prior to December 16, 2016, the management fee for the iShares Edge MSCI Multifactor Intl Small-Cap ETF was 0.60%.

<sup>5</sup> Effective December 16, 2016, the management fee for the iShares Edge MSCI Multifactor USA ETF is 0.20%. Prior to December 16, 2016, the management fee for the iShares Edge MSCI Multifactor USA ETF was 0.35%.

<sup>6</sup> For the iShares Edge MSCI Multifactor USA ETF, BFA may voluntarily waive a portion of the management fee, as it determines, from time to time. For the fiscal year ended July 31, 2016, BFA waived \$18,631 of its management fees.

<sup>7</sup> Effective December 16, 2016, the management fee for the iShares Edge MSCI Multifactor USA Small-Cap ETF is 0.30%. Prior to December 16, 2016, the management fee for the iShares Edge MSCI Multifactor USA Small-Cap ETF was 0.50%.

<sup>8</sup> For the iShares Edge MSCI Multifactor USA Small-Cap ETF, BFA may voluntarily waive a portion of the management fee, as it determines, from time to time. For the fiscal year ended July 31, 2016, BFA waived \$2,306 of its management fees.

The investment advisory agreement with respect to each Fund continues in effect for two years from its effective date, and thereafter is subject to annual approval by (i) the Board, or (ii) the vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the applicable Fund, provided that in either event such continuance also is approved by a majority of the Board members who are not interested persons (as defined in the 1940 Act) of the applicable Fund, by a vote cast in person at a meeting called for the purpose of voting on such approval.

The investment advisory agreement with respect to each Fund is terminable without penalty, on 60 days' notice, by the Board or by a vote of the holders of a majority of the applicable Fund's outstanding voting securities (as defined in the 1940 Act). The investment advisory agreement is also terminable upon 60 days' notice by BFA and will terminate automatically in the event of its assignment (as defined in the 1940 Act).

**Portfolio Managers.** As of July 31, 2016, the individuals named as Portfolio Managers in the Funds' Prospectuses were also primarily responsible for the day-to-day management of other iShares funds and certain other types of portfolios and/or accounts as follows:

**Diane Hsiung**

| <u>Types of Accounts</u>                       | <u>Number</u> | <u>Total Assets</u> |
|------------------------------------------------|---------------|---------------------|
| Registered Investment Companies                | 237           | \$589,083,000,000   |
| Other Pooled Investment Vehicles               | 16            | 3,909,000,000       |
| Other Accounts                                 | 0             | N/A                 |
| Accounts with Incentive-Based Fee Arrangements | 0             | N/A                 |

**Jennifer Hsui**

| <u>Types of Accounts</u>                       | <u>Number</u> | <u>Total Assets</u> |
|------------------------------------------------|---------------|---------------------|
| Registered Investment Companies                | 249           | \$608,762,000,000   |
| Other Pooled Investment Vehicles               | 18            | 5,109,000,000       |
| Other Accounts                                 | 0             | N/A                 |
| Accounts with Incentive-Based Fee Arrangements | 0             | N/A                 |

**Alan Mason**

| <u>Types of Accounts</u>                       | <u>Number</u> | <u>Total Assets</u> |
|------------------------------------------------|---------------|---------------------|
| Registered Investment Companies                | 339           | \$ 675,214,000,000  |
| Other Pooled Investment Vehicles               | 307           | 575,382,000,000     |
| Other Accounts                                 | 185           | 39,258,000,000      |
| Accounts with Incentive-Based Fee Arrangements | 0             | N/A                 |

**Greg Savage**

| <u>Types of Accounts</u>                       | <u>Number</u> | <u>Total Assets</u> |
|------------------------------------------------|---------------|---------------------|
| Registered Investment Companies                | 321           | \$666,410,000,000   |
| Other Pooled Investment Vehicles               | 75            | 26,286,000,000      |
| Other Accounts                                 | 3             | 238,000,000         |
| Accounts with Incentive-Based Fee Arrangements | 0             | N/A                 |

Each of the portfolios or accounts for which the Portfolio Managers are primarily responsible for the day-to-day management seeks to track the rate of return, risk profile and other characteristics of independent third-party indexes by either replicating the same combination of securities and other financial instruments that constitute those indexes or through a representative sampling of the securities and other financial instruments that constitute those indexes based on objective criteria and data. Pursuant to BFA's policy, investment opportunities are allocated equitably among the Funds and other portfolios and accounts. For example, under certain circumstances, an investment opportunity may be restricted due to limited supply in the market, legal constraints or other factors, in which event the investment opportunity will be allocated equitably among those portfolios and accounts, including the Funds, seeking such investment opportunity. As a consequence, from time to time each Fund may receive a smaller allocation of an investment opportunity than it would have if the Portfolio Managers and BFA and its affiliates did not manage other portfolios or accounts.

Like the Funds, the other portfolios or accounts for which the Portfolio Managers are primarily responsible for the day-to-day portfolio management generally pay an asset-based fee to BFA or its affiliates, as applicable, for its advisory services. One or more of those other portfolios or accounts, however, may pay BFA or its affiliates an incentive-based fee in lieu of, or in addition to, an asset-based fee for its advisory services. A portfolio or account with an incentive-based fee would pay BFA or its affiliates a portion of that portfolio's or account's gains, or would pay BFA or its affiliates more for its services than would otherwise be the case if BFA or any of its affiliates meets or exceeds specified performance targets. Incentive-based fee arrangements could present an incentive for BFA or its affiliates to devote greater resources, and allocate more investment opportunities, to the portfolios or accounts that have those fee arrangements, relative to other portfolios or accounts, in order to earn larger fees. Although BFA and each of its affiliates have an obligation to allocate resources and opportunities equitably among portfolios and accounts and intend to do so, shareholders of the Funds should be aware that, as with any group of portfolios and accounts managed by an investment adviser and/or its affiliates pursuant to varying fee arrangements, including incentive-based fee arrangements, there is the potential for a conflict of interest that may result in the Portfolio Managers favoring those portfolios or accounts with incentive-based fee arrangements.

The tables below show, for each Portfolio Manager, the number of portfolios or accounts of the types set forth in the above tables and the aggregate of total assets in those portfolios or accounts with respect to which the investment management fees are based on the performance of those portfolios or accounts as of July 31, 2016:

#### Diane Hsiung

| <u>Types of Accounts</u>         | <u>Number of Other Accounts<br/>with Performance Fees<br/>Managed by Portfolio Manager</u> | <u>Aggregate<br/>of Total Assets</u> |
|----------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------|
| Registered Investment Companies  | 0                                                                                          | N/A                                  |
| Other Pooled Investment Vehicles | 0                                                                                          | N/A                                  |
| Other Accounts                   | 0                                                                                          | N/A                                  |

#### Jennifer Hsui

| <u>Types of Accounts</u>         | <u>Number of Other Accounts<br/>with Performance Fees<br/>Managed by Portfolio Manager</u> | <u>Aggregate<br/>of Total Assets</u> |
|----------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------|
| Registered Investment Companies  | 0                                                                                          | N/A                                  |
| Other Pooled Investment Vehicles | 0                                                                                          | N/A                                  |
| Other Accounts                   | 0                                                                                          | N/A                                  |

#### Alan Mason

| <u>Types of Accounts</u>         | <u>Number of Other Accounts<br/>with Performance Fees<br/>Managed by Portfolio Manager</u> | <u>Aggregate<br/>of Total Assets</u> |
|----------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------|
| Registered Investment Companies  | 0                                                                                          | N/A                                  |
| Other Pooled Investment Vehicles | 0                                                                                          | N/A                                  |
| Other Accounts                   | 0                                                                                          | N/A                                  |

#### Greg Savage

| <u>Types of Accounts</u>         | <u>Number of Other Accounts<br/>with Performance Fees<br/>Managed by Portfolio Manager</u> | <u>Aggregate<br/>of Total Assets</u> |
|----------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------|
| Registered Investment Companies  | 0                                                                                          | N/A                                  |
| Other Pooled Investment Vehicles | 0                                                                                          | N/A                                  |
| Other Accounts                   | 0                                                                                          | N/A                                  |

The discussion below describes the Portfolio Managers' compensation as of July 31, 2016.

#### Portfolio Manager Compensation Overview

BlackRock, Inc.'s financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock, Inc.

**Base compensation.** Generally, portfolio managers receive base compensation based on their position with the firm.

**Discretionary Incentive Compensation.** Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, Inc. and the individual's performance and contribution to the overall performance of these portfolios and BlackRock, Inc.

**Distribution of Discretionary Incentive Compensation.** Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. The BlackRock, Inc. restricted stock units, if properly vested, will be settled in BlackRock, Inc. common stock. Typically, the cash bonus, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying

a portion of annual bonuses in stock puts compensation earned by a portfolio manager for a given year “at risk” based on BlackRock, Inc.’s ability to sustain and improve its performance over future periods.

**Long-Term Incentive Plan Awards** — From time to time, long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock.

**Other Compensation Benefits.** In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

**Incentive Savings Plans** — BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (“RSP”), and the BlackRock Employee Stock Purchase Plan (“ESPP”). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the U.S. Internal Revenue Service (the “IRS”) limit (\$265,000 for 2015). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into an index target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the Purchase Date. Diane Hsiung, Jennifer Hsui, Alan Mason and Greg Savage are each eligible to participate in these plans.

As of July 31, 2016, the Portfolio Managers beneficially owned shares of the Funds, for which they are primarily responsible for the day-to-day management, in the amounts reflected in the following tables:

#### Diane Hsiung

| Fund                                             | Dollar Range |              |                   |                    |                     |                   |           |
|--------------------------------------------------|--------------|--------------|-------------------|--------------------|---------------------|-------------------|-----------|
|                                                  | None         | \$1 to \$10k | \$10,001 to \$50k | \$50,001 to \$100k | \$100,001 to \$500k | \$500,001 to \$1m | over \$1m |
| iShares China Large-Cap ETF                      | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Momentum Factor ETF       | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Quality Factor ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Size Factor ETF           | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Value Factor ETF          | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol EAFE ETF               | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Europe ETF             | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Japan ETF              | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol USA ETF                | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor Intl ETF           | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Momentum Factor ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Quality Factor ETF         | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Size Factor ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Value Factor ETF           | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE ETF                            | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Growth ETF                     | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Small-Cap ETF                  | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Value ETF                      | X            |              |                   |                    |                     |                   |           |

**Diane Hsiung**

| Fund                               | Dollar Range |              |                   |                    |                     |                   |           |
|------------------------------------|--------------|--------------|-------------------|--------------------|---------------------|-------------------|-----------|
|                                    | None         | \$1 to \$10k | \$10,001 to \$50k | \$50,001 to \$100k | \$100,001 to \$500k | \$500,001 to \$1m | over \$1m |
| iShares MSCI Europe Financials ETF | X            |              |                   |                    |                     |                   |           |
| iShares MSCI Europe Small-Cap ETF  | X            |              |                   |                    |                     |                   |           |

**Jennifer Hsui**

| Fund                                             | Dollar Range |              |                   |                    |                     |                   |           |
|--------------------------------------------------|--------------|--------------|-------------------|--------------------|---------------------|-------------------|-----------|
|                                                  | None         | \$1 to \$10k | \$10,001 to \$50k | \$50,001 to \$100k | \$100,001 to \$500k | \$500,001 to \$1m | over \$1m |
| iShares China Large-Cap ETF                      | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Momentum Factor ETF       | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Quality Factor ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Size Factor ETF           | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Value Factor ETF          | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol EAFE ETF               | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Europe ETF             | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Japan ETF              | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol USA ETF                | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor Intl ETF           | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Momentum Factor ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Quality Factor ETF         | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Size Factor ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Value Factor ETF           | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE ETF                            |              |              | X                 |                    |                     |                   |           |
| iShares MSCI EAFE Growth ETF                     | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Small-Cap ETF                  | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Value ETF                      | X            |              |                   |                    |                     |                   |           |
| iShares MSCI Europe Financials ETF               | X            |              |                   |                    |                     |                   |           |
| iShares MSCI Europe Small-Cap ETF                | X            |              |                   |                    |                     |                   |           |

**Alan Mason**

| Fund                                       | Dollar Range |              |                   |                    |                     |                   |           |
|--------------------------------------------|--------------|--------------|-------------------|--------------------|---------------------|-------------------|-----------|
|                                            | None         | \$1 to \$10k | \$10,001 to \$50k | \$50,001 to \$100k | \$100,001 to \$500k | \$500,001 to \$1m | over \$1m |
| iShares China Large-Cap ETF                | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Momentum Factor ETF | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Quality Factor ETF  | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Size Factor ETF     | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Value Factor ETF    | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol EAFE ETF         | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Europe ETF       | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Japan ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol USA ETF          | X            |              |                   |                    |                     |                   |           |

## Alan Mason

| Fund                                             | Dollar Range |              |                   |                    |                     |                   |           |
|--------------------------------------------------|--------------|--------------|-------------------|--------------------|---------------------|-------------------|-----------|
|                                                  | None         | \$1 to \$10k | \$10,001 to \$50k | \$50,001 to \$100k | \$100,001 to \$500k | \$500,001 to \$1m | over \$1m |
| iShares Edge MSCI Multifactor Intl ETF           | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Momentum Factor ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Quality Factor ETF         | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Size Factor ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Value Factor ETF           | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE ETF                            | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Growth ETF                     | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Small-Cap ETF                  | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Value ETF                      | X            |              |                   |                    |                     |                   |           |
| iShares MSCI Europe Financials ETF               | X            |              |                   |                    |                     |                   |           |
| iShares MSCI Europe Small-Cap ETF                | X            |              |                   |                    |                     |                   |           |

## Greg Savage

| Fund                                             | Dollar Range |              |                   |                    |                     |                   |           |
|--------------------------------------------------|--------------|--------------|-------------------|--------------------|---------------------|-------------------|-----------|
|                                                  | None         | \$1 to \$10k | \$10,001 to \$50k | \$50,001 to \$100k | \$100,001 to \$500k | \$500,001 to \$1m | over \$1m |
| iShares China Large-Cap ETF                      | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Momentum Factor ETF       | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Quality Factor ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Size Factor ETF           | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Intl Value Factor ETF          | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol EAFE ETF               | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Europe ETF             | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol Japan ETF              | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Min Vol USA ETF                | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor Intl ETF           | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Momentum Factor ETF        | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Quality Factor ETF         | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Size Factor ETF            | X            |              |                   |                    |                     |                   |           |
| iShares Edge MSCI USA Value Factor ETF           | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE ETF                            | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Growth ETF                     | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Small-Cap ETF                  | X            |              |                   |                    |                     |                   |           |
| iShares MSCI EAFE Value ETF                      | X            |              |                   |                    |                     |                   |           |
| iShares MSCI Europe Financials ETF               | X            |              |                   |                    |                     |                   |           |
| iShares MSCI Europe Small-Cap ETF                | X            |              |                   |                    |                     |                   |           |

**Codes of Ethics.** The Trust, BFA and the Distributor have adopted codes of ethics pursuant to Rule 17j-1 under the 1940 Act. The codes of ethics permit personnel subject to the codes of ethics to invest in securities, subject to certain limitations, including securities that may be purchased or held by the Funds. The codes of ethics are on public file with, and are available from, the SEC.

**Anti-Money Laundering Requirements.** The Funds are subject to the USA PATRIOT Act (the “Patriot Act”). The Patriot Act is intended to prevent the use of the U.S. financial system in furtherance of money laundering, terrorism or other illicit activities. Pursuant to requirements under the Patriot Act, a Fund may request information from Authorized Participants to enable it to form a reasonable belief that it knows the true identity of its Authorized Participants. This information will be used to verify the identity of Authorized Participants or, in some cases, the status of financial professionals; it will be used only for compliance with the requirements of the Patriot Act.

The Funds reserve the right to reject purchase orders from persons who have not submitted information sufficient to allow the Fund to verify their identity. Each Fund also reserves the right to redeem any amounts in a Fund from persons whose identity it is unable to verify on a timely basis. It is the Funds’ policy to cooperate fully with appropriate regulators in any investigations conducted with respect to potential money laundering, terrorism or other illicit activities.

**Administrator, Custodian and Transfer Agent.** State Street Bank and Trust Company (“State Street”) serves as administrator, custodian and transfer agent for the Funds under the Master Services Agreement and related Service Schedule (the “Service Module”). State Street’s principal address is 1 Iron Street, Boston, MA 02210. Pursuant to the Service Module for Fund Administration and Accounting Services with the Trust, State Street provides necessary administrative, legal, tax and accounting and financial reporting services for the maintenance and operations of the Trust and each Fund. In addition, State Street makes available the office space, equipment, personnel and facilities required to provide such services. Pursuant to the Service Module for Custodial Services with the Trust, State Street maintains, in separate accounts, cash, securities and other assets of the Trust and each Fund, keeps all necessary accounts and records and provides other services. State Street is required, upon the order of the Trust, to deliver securities held by State Street and to make payments for securities purchased by the Trust for each Fund. State Street is authorized to appoint certain foreign custodians or foreign custody managers for Fund investments outside the United States. Pursuant to the Service Module for Transfer Agency Services with the Trust, State Street acts as a transfer agent for each Fund’s authorized and issued shares of beneficial interest, and as dividend disbursing agent of the Trust. As compensation for these services, State Street receives certain out-of-pocket costs, transaction fees and asset-based fees which are accrued daily and paid monthly by BFA from its management fee.

The following table sets forth the administration, custodian and transfer agency expenses of each Fund paid by BFA to State Street for the fiscal years noted:

| Fund                                                | Fund<br>Inception<br>Date | Custody,<br>Administration,<br>Transfer Agency<br>Expenses<br>Paid During<br>Fiscal Year<br>Ended July 31, 2016 | Custody,<br>Administration,<br>Transfer Agency<br>Expenses<br>Paid During<br>Fiscal Year<br>Ended July 31, 2015 | Custody,<br>Administration,<br>Transfer Agency<br>Expenses<br>Paid During<br>Fiscal Year<br>Ended July 31, 2014 |
|-----------------------------------------------------|---------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| iShares China Large-Cap ETF                         | 10/05/04                  | \$335,852                                                                                                       | \$430,053                                                                                                       | \$324,741                                                                                                       |
| iShares Edge MSCI Intl Momentum Factor ETF          | 01/13/15                  | 28,905                                                                                                          | 16,145                                                                                                          | N/A                                                                                                             |
| iShares Edge MSCI Intl Quality Factor ETF           | 01/13/15                  | 24,415                                                                                                          | 11,909                                                                                                          | N/A                                                                                                             |
| iShares Edge MSCI Intl Size Factor ETF              | 06/16/15                  | 29,631                                                                                                          | 15,281                                                                                                          | N/A                                                                                                             |
| iShares Edge MSCI Intl Value Factor ETF             | 06/16/15                  | 18,256                                                                                                          | 5,521                                                                                                           | N/A                                                                                                             |
| iShares Edge MSCI Min Vol EAFE ETF                  | 10/18/11                  | 302,887                                                                                                         | 125,236                                                                                                         | 68,213                                                                                                          |
| iShares Edge MSCI Min Vol Europe ETF                | 06/03/14                  | 32,732                                                                                                          | 15,458                                                                                                          | 2,570                                                                                                           |
| iShares Edge MSCI Min Vol Japan ETF                 | 06/03/14                  | 10,408                                                                                                          | 6,223                                                                                                           | 2,457                                                                                                           |
| iShares Edge MSCI Min Vol USA ETF                   | 10/18/11                  | 211,789                                                                                                         | 103,393                                                                                                         | 69,398                                                                                                          |
| iShares Edge MSCI Multifactor Intl ETF              | 04/28/15                  | 24,314                                                                                                          | 7,403                                                                                                           | N/A                                                                                                             |
| iShares Edge MSCI Multifactor Intl Small-Cap<br>ETF | 04/28/15                  | 28,183                                                                                                          | 17,956                                                                                                          | N/A                                                                                                             |
| iShares Edge MSCI Multifactor USA ETF               | 04/28/15                  | 8,138                                                                                                           | 1,034                                                                                                           | N/A                                                                                                             |
| iShares Edge MSCI Multifactor USA Small-Cap<br>ETF  | 04/28/15                  | 11,612                                                                                                          | 3,562                                                                                                           | N/A                                                                                                             |

| Fund                                      | Fund Inception Date | Custody, Administration, Transfer Agency Expenses Paid During Fiscal Year Ended July 31, 2016 | Custody, Administration, Transfer Agency Expenses Paid During Fiscal Year Ended July 31, 2015 | Custody, Administration, Transfer Agency Expenses Paid During Fiscal Year Ended July 31, 2014 |
|-------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| iShares Edge MSCI USA Momentum Factor ETF | 04/16/13            | 39,844                                                                                        | 23,740                                                                                        | 15,227                                                                                        |
| iShares Edge MSCI USA Quality Factor ETF  | 07/16/13            | 48,696                                                                                        | 26,168                                                                                        | 12,365                                                                                        |
| iShares Edge MSCI USA Size Factor ETF     | 04/16/13            | 24,138                                                                                        | 23,909                                                                                        | 17,710                                                                                        |
| iShares Edge MSCI USA Value Factor ETF    | 04/16/13            | 27,214                                                                                        | 28,312                                                                                        | 23,985                                                                                        |
| iShares MSCI EAFE ETF                     | 08/14/01            | 2,729,169                                                                                     | 2,648,566                                                                                     | 2,517,044                                                                                     |
| iShares MSCI EAFE Growth ETF              | 08/01/05            | 158,237                                                                                       | 134,093                                                                                       | 120,306                                                                                       |
| iShares MSCI EAFE Small-Cap ETF           | 12/10/07            | 413,549                                                                                       | 319,468                                                                                       | 314,518                                                                                       |
| iShares MSCI EAFE Value ETF               | 08/01/05            | 181,303                                                                                       | 170,832                                                                                       | 174,033                                                                                       |
| iShares MSCI Europe Financials ETF        | 01/20/10            | 45,502                                                                                        | 39,214                                                                                        | 48,135                                                                                        |
| iShares MSCI Europe Small-Cap ETF         | 11/12/07            | 118,455                                                                                       | 108,976                                                                                       | 40,403                                                                                        |

**Distributor.** The Distributor's principal address is 1 University Square Drive, Princeton, NJ 08540. Shares are continuously offered for sale by the Funds through the Distributor or its agent only in Creation Units, as described in the applicable Prospectus and below in the *Creation and Redemption of Creation Units* section of this SAI. Fund shares in amounts less than Creation Units are generally not distributed by the Distributor or its agent. The Distributor or its agent will arrange for the delivery of the applicable Prospectus and, upon request, this SAI to persons purchasing Creation Units and will maintain records of both orders placed with it or its agents and confirmations of acceptance furnished by it or its agents. The Distributor is a broker-dealer registered under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Distributor is also licensed as a broker-dealer in all 50 U.S. states, as well as in Puerto Rico, the U.S. Virgin Islands and the District of Columbia.

The Distribution Agreement for each Fund provides that it may be terminated at any time, without the payment of any penalty, on at least 60 days' prior written notice to the other party following (i) the vote of a majority of the Independent Trustees, or (ii) the vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the relevant Fund. The Distribution Agreement will terminate automatically in the event of its assignment (as defined in the 1940 Act).

The Distributor may also enter into agreements with securities dealers ("Soliciting Dealers") who will solicit purchases of Creation Units of Fund shares. Such Soliciting Dealers may also be Authorized Participants (as described below), DTC participants and/or investor services organizations.

BFA or its affiliates may, from time to time and from its own resources, pay, defray or absorb costs relating to distribution, including payments out of its own resources to the Distributor, or to otherwise promote the sale of shares.

The following table sets forth the compensation paid by BFA to SEI Investments Distribution Co. ("SEI") for certain services, not primarily intended to result in the sale of Fund shares, provided to each Fund during the fiscal years noted:

| Fund                                       | Fund Inception Date | Distributor Compensation Paid During Fiscal Year Ended July 31, 2016 | Distributor Compensation Paid During Fiscal Year Ended July 31, 2015 <sup>1</sup> | Distributor Compensation Paid During Fiscal Year Ended July 31, 2014 <sup>1</sup> |
|--------------------------------------------|---------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| iShares China Large-Cap ETF                | 10/05/04            | \$0                                                                  | \$0                                                                               | \$7,064                                                                           |
| iShares Edge MSCI Intl Momentum Factor ETF | 01/13/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI Intl Quality Factor ETF  | 01/13/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI Intl Size Factor ETF     | 06/16/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI Intl Value Factor ETF    | 06/16/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI Min Vol EAFE ETF         | 10/18/11            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares Edge MSCI Min Vol Europe ETF       | 06/03/14            | 0                                                                    | 0                                                                                 | 1,015                                                                             |
| iShares Edge MSCI Min Vol Japan ETF        | 06/03/14            | 0                                                                    | 0                                                                                 | 1,015                                                                             |
| iShares Edge MSCI Min Vol USA ETF          | 10/18/11            | 0                                                                    | 0                                                                                 | 7,064                                                                             |

| Fund                                             | Fund Inception Date | Distributor Compensation Paid During Fiscal Year Ended July 31, 2016 | Distributor Compensation Paid During Fiscal Year Ended July 31, 2015 <sup>1</sup> | Distributor Compensation Paid During Fiscal Year Ended July 31, 2014 <sup>1</sup> |
|--------------------------------------------------|---------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| iShares Edge MSCI Multifactor Intl ETF           | 04/28/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | 04/28/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI Multifactor USA ETF            | 04/28/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | 04/28/15            | 0                                                                    | 0                                                                                 | N/A                                                                               |
| iShares Edge MSCI USA Momentum Factor ETF        | 04/16/13            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares Edge MSCI USA Quality Factor ETF         | 07/16/13            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares Edge MSCI USA Size Factor ETF            | 04/16/13            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares Edge MSCI USA Value Factor ETF           | 04/16/13            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares MSCI EAFE ETF                            | 08/14/01            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares MSCI EAFE Growth ETF                     | 08/01/05            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares MSCI EAFE Small-Cap ETF                  | 12/10/07            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares MSCI EAFE Value ETF                      | 08/01/05            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares MSCI Europe Financials ETF               | 01/20/10            | 0                                                                    | 0                                                                                 | 7,064                                                                             |
| iShares MSCI Europe Small-Cap ETF                | 11/12/07            | 0                                                                    | 0                                                                                 | 7,064                                                                             |

<sup>1</sup> BRIL serves as the distributor to the Funds effective April 1, 2012. These fees reflect payments made to SEI, acting as an agent of the Distributor.

**Payments by BFA and its Affiliates.** BFA and/or its affiliates (“BFA Entities”) may pay certain broker-dealers, registered investment advisers, banks and other financial intermediaries (“Intermediaries”) for certain activities related to the Funds, other iShares funds or exchange-traded products in general. BFA Entities make these payments from their own assets and not from the assets of the Funds. Although a portion of BFA Entities’ revenue comes directly or indirectly in part from fees paid by the Funds, other iShares funds or exchange-traded products, these payments do not increase the price paid by investors for the purchase of shares of, or the cost of owning, the Funds, other iShares funds or exchange-traded products. BFA Entities make payments for Intermediaries’ participation in activities that are designed to make registered representatives, other professionals and individual investors more knowledgeable about exchange-traded products, including the Funds and other iShares funds, or for other activities, such as participation in marketing activities and presentations, educational training programs, conferences, the development of technology platforms and reporting systems (“Education Costs”). BFA Entities also make payments to Intermediaries for certain printing, publishing and mailing costs or materials relating to the Funds, other iShares funds or exchange-traded products (“Publishing Costs”). In addition, BFA Entities make payments to Intermediaries that make shares of the Funds, other iShares funds or exchange-traded products available to their clients, develop new products that feature iShares or otherwise promote the Funds, other iShares funds and exchange-traded products. BFA Entities may also reimburse expenses or make payments from their own assets to Intermediaries or other persons in consideration of services or other activities that the BFA Entities believe may benefit the iShares business or facilitate investment in the Funds, other iShares funds or exchange-traded products. Payments of the type described above are sometimes referred to as revenue-sharing payments.

Payments to an Intermediary may be significant to the Intermediary, and amounts that Intermediaries pay to your salesperson or other investment professional may also be significant for your salesperson or other investment professional. Because an Intermediary may make decisions about which investment options it will recommend or make available to its clients or what services to provide for various products based on payments it receives or is eligible to receive, such payments may create conflicts of interest between the Intermediary and its clients and these financial incentives may cause the Intermediary to recommend the Funds, other iShares funds or exchange-traded products over other investments. The same conflicts of interest and financial incentives exist with respect to your salesperson or other investment professional if he or she receives similar payments from his or her Intermediary firm.

In addition to the payments described above, BFA Entities have developed proprietary tools, calculators and related interactive or digital content that is made available through the [www.BlackRock.com](http://www.BlackRock.com) website at no additional cost to Intermediaries. BlackRock may configure these tools and calculators and localizes the content for Intermediaries as part of its

customary digital marketing support and promotion of the Funds, other iShares funds, exchange-traded products and BlackRock mutual funds.

As of March 1, 2013, BFA Entities have contractual arrangements to make payments (in addition to payments for Education Costs or Publishing Costs) to one Intermediary, Fidelity Brokerage Services LLC (“FBS”). Effective June 4, 2016, this relationship was expanded to include National Financial Services, LLC (“NFS”), an affiliate of FBS. Pursuant to this special, long-term and significant arrangement (the “Marketing Program”), FBS, NFS and certain of their affiliates (collectively “Fidelity”) have agreed, among other things, to actively promote iShares funds to customers, investment professionals and other intermediaries and in advertising campaigns as the preferred exchange-traded product, to offer certain iShares funds in certain Fidelity platforms and investment programs, in some cases at a waived or reduced commission rate or ticket charge, and to provide marketing data to BFA Entities. BFA Entities have agreed to facilitate the Marketing Program by, among other things, making certain payments to FBS and NFS for marketing and implementing certain brokerage and investment programs. Upon termination of the arrangement, the BFA Entities will make additional payments to FBS and/or NFS based upon a number of criteria, including the overall success of the Marketing Program and the level of services provided by FBS and NFS during the wind-down period.

In addition, BFA Entities may enter into other contractual arrangements with Intermediaries that the BFA Entities believe may benefit the iShares business or facilitate investment in iShares funds. Such agreements may include payments by BFA Entities to such Intermediaries for data collection and provision, technology support, platform enhancement, or co-marketing and cross-promotional efforts. Payments made pursuant to such arrangements may vary in any year and may be different for different Intermediaries. In certain cases, the payments described in the preceding sentence may be subject to certain minimum payment levels. Such payments will not be asset- or revenue-based. As of the date of this SAI, as amended or supplemented from time to time, the Intermediaries receiving such contractual payments include: LPL Financial LLC, Morgan Stanley Smith Barney LLC, Pershing LLC, and UBS Financial Services Inc.

Any additions, modifications, or deletions to Intermediaries listed above that have occurred since the date noted above are not included in the list. Further, BFA Entities make Education Costs and Publishing Costs payments to other Intermediaries that are not listed above. BFA Entities may determine to make such payments based on any number of metrics. For example, BFA Entities may make payments at year-end or other intervals in a fixed amount, an amount based upon an Intermediary’s services at defined levels or an amount based on the Intermediary’s net sales of one or more iShares funds in a year or other period, any of which arrangements may include an agreed-upon minimum or maximum payment, or any combination of the foregoing. As of the date of this SAI, BFA anticipates that the payments paid by BFA Entities in connection with the Funds, iShares funds and exchange-traded products in general will be immaterial to BFA Entities in the aggregate for the next year. **Please contact your salesperson or other investment professional for more information regarding any such payments or financial incentives his or her Intermediary firm may receive. Any payments made, or financial incentives offered, by the BFA Entities to an Intermediary may create the incentive for the Intermediary to encourage customers to buy shares of the Funds, other iShares funds or other exchange-traded products.**

The Funds may participate in certain market maker incentive programs of a national securities exchange in which an affiliate of the Funds would pay a fee to the exchange used for the purpose of incentivizing one or more market makers in the securities of a Fund to enhance the liquidity and quality of the secondary market of securities of a Fund. The fee would then be credited by the exchange to one or more market makers that meet or exceed liquidity and market quality standards with respect to the securities of a Fund. Each market maker incentive program is subject to approval from the SEC. Any such fee payments made to an exchange will be made by an affiliate of a Fund solely for the benefit of a Fund and will not be paid from any Fund assets. Other funds managed by BFA may also participate in such programs.

## Determination of Net Asset Value

**Valuation of Shares.** The NAV for each Fund is generally calculated as of the close of business on the New York Stock Exchange (“NYSE”) (normally 4:00 p.m., Eastern time) on each business day the NYSE is open. Valuation of securities held by a Fund is as follows:

**Equity Investments.** Equity securities traded on a recognized securities exchange (e.g., NYSE), on separate trading boards of a securities exchange or through a market system that provides contemporaneous transaction pricing information (each, an “Exchange”) are valued using information obtained via independent pricing services, generally at the closing price on the

Exchange on which the security is primarily traded, or if an Exchange closing price is not available, the last traded price on that Exchange prior to the time as of which a Fund's assets or liabilities are valued. However, under certain circumstances, other means of determining current market value may be used. If an equity security is traded on more than one Exchange, the current market value of the security where it is primarily traded generally will be used. In the event that there are no sales involving an equity security held by a Fund on a day on which a Fund values such security, the prior day's price will be used, unless, in accordance with valuation procedures approved by the Board (the "Valuation Procedures"), BlackRock determines in good faith that such prior day's price no longer reflects the fair value of the security, in which case such asset would be treated as a Fair Value Asset (as defined below).

**Fixed-Income Investments.** Fixed-income securities for which market quotations are readily available are generally valued using such securities' current market value. A Fund values fixed-income portfolio securities using the last available bid prices or current market quotations provided by dealers or prices (including evaluated prices) supplied by a Fund's approved independent third-party pricing services, each in accordance with the Valuation Procedures. The pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values, including transaction data (e.g., recent representative bids and offers), credit quality information, perceived market movements, news, and other relevant information and by other methods, which may include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; general market conditions; and/or other factors and assumptions. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but a Fund may hold or transact in such securities in smaller, odd lot sizes. Odd lots often trade at lower prices than institutional round lots. The amortized cost method of valuation may be used with respect to debt obligations with sixty days or less remaining to maturity unless BlackRock determines in good faith that such method does not represent fair value. Loan participation notes are generally valued at the mean of the last available bid prices from one or more brokers or dealers as obtained from independent third-party pricing services. Certain fixed-income investments, including asset-backed and mortgage-related securities, may be valued based on valuation models that consider the estimated cash flows of each tranche of the entity, establish a benchmark yield and develop an estimated tranche-specific spread to the benchmark yield based on the unique attributes of the tranche.

**Options, Futures, Swaps and Other Derivatives.** Exchange-traded equity options for which market quotations are readily available are valued at the mean of the last bid and ask prices as quoted on the Exchange or the board of trade on which such options are traded. In the event that there is no mean price available for an exchange traded equity option held by a Fund on a day on which a Fund values such option, the last bid (long positions) or ask (short positions) price, if available, will be used as the value of such option. If no such bid or ask price is available on a day on which a Fund values such option, the prior day's price will be used, unless BlackRock determines in good faith that such prior day's price no longer reflects the fair value of the option, in which case such option will be treated as a Fair Value Asset (as defined below). OTC derivatives are valued using the last available bid prices or current market quotations provided by dealers or prices (including evaluated prices) supplied by a Fund's approved independent third-party pricing services, each in accordance with the Valuation Procedures. OTC derivatives may be valued using a mathematical model which may incorporate a number of market data factors. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their settle price as of the close of such exchanges. Swap agreements and other derivatives are generally valued daily based upon quotations from market makers or by a pricing service in accordance with the Valuation Procedures.

**Underlying Funds.** Shares of underlying ETFs will be valued at their most recent closing price on an Exchange. Shares of underlying money market funds will be valued at their net asset value.

**General Valuation Information.** The price a Fund could receive upon the sale of any particular portfolio investment may differ from a Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation methodology or a price provided by an independent pricing service. As a result, the price received upon the sale of an investment may be less than the value ascribed by a Fund, and a Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment. A Fund's ability to value its investment may also be impacted by technological issues and/or errors by pricing services or other third-party service providers.

All cash, receivables and current payables are carried on a Fund's books at their face value.

Prices obtained from independent third-party pricing services, broker-dealers or market makers to value a Fund's securities and other assets and liabilities are based on information available at the time a Fund values its assets and liabilities. In the event that a pricing service quotation is revised or updated subsequent to the day on which a Fund valued such security or

other asset or liability, the revised pricing service quotation generally will be applied prospectively. Such determination will be made considering pertinent facts and circumstances surrounding the revision.

In the event that application of the methods of valuation discussed above result in a price for a security which is deemed not to be representative of the fair market value of such security, the security will be valued by, under the direction of or in accordance with a method approved by the Board as reflecting fair value. All other assets and liabilities (including securities for which market quotations are not readily available) held by a Fund (including restricted securities) are valued at fair value as determined in good faith by the Board or by BlackRock (its delegate) pursuant to the Valuation Procedures. Any assets and liabilities that are denominated in a foreign currency are converted into U.S. dollars using prevailing market rates on the date of valuation as quoted by one or more data service providers.

Certain of the securities acquired by a Fund may be traded on foreign exchanges or OTC markets on days on which a Fund's NAV is not calculated. In such cases, the NAV of a Fund's shares may be significantly affected on days when Authorized Participants can neither purchase nor redeem shares of a Fund.

Generally, trading in non-U.S. securities, U.S. government securities, money market instruments and certain fixed-income securities is substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the NAV of a Fund are determined as of such times.

Use of fair value prices and certain current market valuations could result in a difference between the prices used to calculate a Fund's NAV and the prices used in the Underlying Index, which, in turn, could result in a difference between a Fund's performance and the performance of the Underlying Index.

**Fair Value.** When market quotations are not readily available or are believed in good faith by BlackRock to be unreliable, a Fund's investments are valued at fair value ("Fair Value Assets"). Fair Value Assets are valued by BlackRock in accordance with the Valuation Procedures. BlackRock may reasonably conclude that a market quotation is not readily available or is unreliable if, among other things, a security or other asset or liability does not have a price source due to its complete lack of trading, if BlackRock believes in good faith that a market quotation from a broker-dealer or other source is unreliable (e.g., where it varies significantly from a recent trade, or no longer reflects the fair value of the security or other asset or liability subsequent to the most recent market quotation), or where the security or other asset or liability is only thinly traded or due to the occurrence of a significant event subsequent to the most recent market quotation. For this purpose, a "significant event" is deemed to occur if BlackRock determines, in its reasonable business judgment, that an event has occurred after the close of trading for an asset or liability but prior to or at the time of pricing a Fund's assets or liabilities, and that the event is likely to cause a material change to the closing market price of the assets or liabilities held by a Fund. Non-U.S. securities whose values are affected by volatility that occurs in the markets or in related or highly correlated assets (e.g., ADRs, GDRs or ETFs that invest in components of the Underlying Index) on a trading day after the close of non-U.S. securities markets may be fair valued. On any day the NYSE is open and a foreign market or the primary exchange on which a foreign asset or liability is traded is closed, such asset or liability will be valued using the prior day's price, provided that BlackRock is not aware of any significant event or other information that would cause such price to no longer reflect the fair value of the asset or liability, in which case such asset or liability would be treated as a Fair Value Asset.

BlackRock, with input from the BlackRock Investment Strategy Group, will submit its recommendations regarding the valuation and/or valuation methodologies for Fair Value Assets to BlackRock's Valuation Committee. The BlackRock Valuation Committee may accept, modify or reject any recommendations. In addition, a Fund's accounting agent periodically endeavors to confirm the prices it receives from all third-party pricing services, index providers and broker-dealers, and, with the assistance of BlackRock, to regularly evaluate the values assigned to the securities and other assets and liabilities of a Fund. The pricing of all Fair Value Assets is subsequently reported to and, where appropriate, ratified by the Board.

When determining the price for a Fair Value Asset, the BlackRock Valuation Committee (or BlackRock's Pricing Group) will seek to determine the price that a Fund might reasonably expect to receive upon the current sale of that asset or liability in an arm's-length transaction on the date on which the assets or liabilities are being valued, and does not seek to determine the price that a Fund might expect to receive for selling the asset, or the cost of extinguishing a liability, at a later time or if it holds the asset or liability to maturity. Fair value determinations will be based upon all available factors that the BlackRock Valuation Committee (or BlackRock's Pricing Group) deems relevant at the time of the determination, and may be based on analytical values determined by BlackRock using proprietary or third-party valuation models.

Fair value represents a good faith approximation of the value of an asset or liability. When determining the fair value of an asset, one or more of a variety of fair valuation methodologies may be used (depending on certain factors, including the asset type). For example, the asset may be priced on the basis of the original cost of the investment or, alternatively, using proprietary or third-party models (including models that rely upon direct portfolio management pricing inputs and which reflect the significance attributed to the various factors and assumptions being considered). Prices of actual, executed or historical transactions in the relevant asset and/or liability (or related or comparable assets and/or liabilities) or, where appropriate, an appraisal by a third-party experienced in the valuation of similar assets and/or liabilities, may also be used as a basis for establishing the fair value of an asset or liability. The fair value of one or more assets or liabilities may not, in retrospect, be the price at which those assets or liabilities could have been sold during the period in which the particular fair values were used in determining a Fund's net asset value. As a result, a Fund's sale or redemption of its shares at net asset value, at a time when a holding or holdings are valued at fair value, may have the effect of diluting or increasing the economic interest of existing shareholders.

Each Fund's annual audited financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), follow the requirements for valuation set forth in Financial Accounting Standards Board Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"), which defines and establishes a framework for measuring fair value under US GAAP and expands financial statement disclosure requirements relating to fair value measurements. Generally, ASC 820 and other accounting rules applicable to funds and various assets in which they invest are evolving. Such changes may adversely affect a Fund. For example, the evolution of rules governing the determination of the fair market value of assets or liabilities to the extent such rules become more stringent would tend to increase the cost and/or reduce the availability of third-party determinations of fair market value. This may in turn increase the costs associated with selling assets or affect their liquidity due to a Fund's inability to obtain a third-party determination of fair market value.

## Brokerage Transactions

Subject to policies established by the Board, BFA is primarily responsible for the execution of a Fund's portfolio transactions and the allocation of brokerage. BFA does not execute transactions through any particular broker or dealer, but seeks to obtain the best net results for the Funds, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While BFA generally seeks reasonable trade execution costs, a Fund does not necessarily pay the lowest spread or commission available, and payment of the lowest commission or spread is not necessarily consistent with obtaining the best price and execution in particular transactions. Subject to applicable legal requirements, BFA may select a broker based partly upon brokerage or research services provided to BFA and its clients, including a Fund. In return for such services, BFA may cause a Fund to pay a higher commission than other brokers would charge if BFA determines in good faith that the commission is reasonable in relation to the services provided.

In selecting brokers or dealers to execute portfolio transactions, BFA seeks to obtain the best price and most favorable execution for a Fund and may take into account a variety of factors including: (i) the size, nature and character of the security or instrument being traded and the markets in which it is purchased or sold; (ii) the desired timing of the transaction; (iii) BFA's knowledge of the expected commission rates and spreads currently available; (iv) the activity existing and expected in the market for the particular security or instrument, including any anticipated execution difficulties; (v) the full range of brokerage services provided; (vi) the broker's or dealer's capital; (vii) the quality of research and research services provided; (viii) the reasonableness of the commission, dealer spread or its equivalent for the specific transaction; and (ix) BFA's knowledge of any actual or apparent operational problems of a broker or dealer. Brokers may also be selected because of their ability to handle special or difficult executions, such as may be involved in large block trades, less liquid securities, or other circumstances.

Section 28(e) of the 1934 Act ("Section 28(e)") permits a U.S. investment adviser, under certain circumstances, to cause an account to pay a broker or dealer a commission for effecting a transaction in securities that exceeds the amount another broker or dealer would have charged for effecting the same transaction in recognition of the value of brokerage and research services provided by that broker or dealer. This includes commissions paid on riskless principal transactions in securities under certain conditions.

From time to time, a Fund may purchase new issues of securities in a fixed price offering. In these situations, the broker may be a member of the selling group that will, in addition to selling securities, provide BFA with research services. FINRA has adopted rules expressly permitting these types of arrangements under certain circumstances. Generally, the broker will provide research “credits” in these situations at a rate that is higher than that available for typical secondary market transactions. These arrangements may not fall within the safe harbor of Section 28(e).

The Funds anticipate that brokerage transactions involving foreign equity securities generally will be conducted primarily on the principal stock exchanges of the applicable country. Foreign equity securities may be held by the Funds in the form of depositary receipts, or other securities convertible into foreign equity securities. Depositary receipts may be listed on stock exchanges, or traded in OTC markets in the United States or Europe, as the case may be. ADRs, like other securities traded in the United States, will be subject to negotiated commission rates.

OTC issues, including most fixed-income securities such as corporate debt and U.S. Government securities, are normally traded on a “net” basis without a stated commission, through dealers acting for their own account and not as brokers. The Funds will primarily engage in transactions with these dealers or deal directly with the issuer unless a better price or execution could be obtained by using a broker. Prices paid to a dealer with respect to both foreign and domestic securities will generally include a “spread,” which is the difference between the prices at which the dealer is willing to purchase and sell the specific security at the time, and includes the dealer’s normal profit.

Under the 1940 Act, persons affiliated with a Fund and persons who are affiliated with such affiliated persons are prohibited from dealing with the Fund as principal in the purchase and sale of securities unless a permissive order allowing such transactions is obtained from the SEC. Since transactions in the OTC market usually involve transactions with the dealers acting as principal for their own accounts, the Funds will not deal with affiliated persons, including PNC and its affiliates, in connection with such transactions. The Funds will not purchase securities during the existence of any underwriting or selling group relating to such securities of which BFA, PNC, BRIL or any affiliated person (as defined in the 1940 Act) thereof is a member except pursuant to procedures adopted by the Board in accordance with Rule 10f-3 under the 1940 Act.

Purchases of money market instruments by the Funds are made from dealers, underwriters and issuers. The Funds do not currently expect to incur any brokerage commission expense on such transactions because money market instruments are generally traded on a “net” basis with dealers acting as principal for their own accounts without a stated commission. The price of the security, however, usually includes a profit to the dealer.

BFA may, from time to time, effect trades on behalf of and for the account of the Funds with brokers or dealers that are affiliated with BFA, in conformity with Rule 17e-1 under the 1940 Act and SEC rules and regulations. Under these provisions, any commissions paid to affiliated brokers or dealers must be reasonable and fair compared to the commissions charged by other brokers or dealers in comparable transactions.

Securities purchased in underwritten offerings include a fixed amount of compensation to the underwriter, generally referred to as the underwriter’s concession or discount. When securities are purchased or sold directly from or to an issuer, no commissions or discounts are paid.

Investment decisions for the Funds and for other investment accounts managed by BFA and the other Affiliates are made independently of each other in light of differing conditions. A variety of factors will be considered in making investment allocations. These factors include: (i) investment objectives or strategies for particular accounts, including sector, industry, country or region and capitalization weightings; (ii) tax considerations of an account; (iii) risk or investment concentration parameters for an account; (iv) supply or demand for a security at a given price level; (v) size of available investment; (vi) cash availability and liquidity requirements for accounts; (vii) regulatory restrictions; (viii) minimum investment size of an account; (ix) relative size of account; and (x) such other factors as may be approved by BlackRock’s general counsel. Moreover, investments may not be allocated to one client account over another based on any of the following considerations: (i) to favor one client account at the expense of another; (ii) to generate higher fees paid by one client account over another or to produce greater performance compensation to BlackRock; (iii) to develop or enhance a relationship with a client or prospective client; (iv) to compensate a client for past services or benefits rendered to BlackRock or to induce future services or benefits to be rendered to BlackRock; or (v) to manage or equalize investment performance among different client accounts. BFA and the other Affiliates may deal, trade and invest for their own respective account in the types of securities in which the Funds may invest.

Initial public offerings of securities may be over-subscribed and subsequently trade at a premium in the secondary market. When BFA is given an opportunity to invest in such an initial offering or “new” or “hot” issue, the supply of securities available for client accounts is often less than the amount of securities the accounts would otherwise take. In order to allocate these investments fairly and equitably among client accounts over time, each portfolio manager or a member of his or her respective investment team will indicate to BFA’s trading desk their level of interest in a particular offering with respect to eligible clients’ accounts for which that team is responsible. Initial public offerings of U.S. equity securities will be identified as eligible for particular client accounts that are managed by portfolio teams who have indicated interest in the offering based on market capitalization of the issuer of the security and the investment mandate of the client account and in the case of international equity securities, the country where the offering is taking place and the investment mandate of the client account. Generally, shares received during the initial public offering will be allocated among participating client accounts within each investment mandate on a *pro rata* basis. This *pro rata* allocation may result in a Fund receiving less of a particular security than if pro-rating had not occurred. All allocations of securities will be subject, where relevant, to share minimums established for accounts and compliance constraints. In situations where supply is too limited to be allocated among all accounts for which the investment is eligible, portfolio managers may rotate such investment opportunities among one or more accounts so long as the rotation system provides for fair access for all client accounts over time. Other allocation methodologies that are considered by BFA to be fair and equitable to clients may be used as well.

Because different accounts may have differing investment objectives and policies, BFA may buy and sell the same securities at the same time for different clients based on the particular investment objective, guidelines and strategies of those accounts. For example, BFA may decide that it may be entirely appropriate for a growth fund to sell a security at the same time a value fund is buying that security. To the extent that transactions on behalf of more than one client of BFA or the other Affiliates during the same period may increase the demand for securities being purchased or the supply of securities being sold, there may be an adverse effect on price. For example, sales of a security by BlackRock on behalf of one or more of its clients may decrease the market price of such security, adversely impacting other BlackRock clients that still hold the security. If purchases or sales of securities arise for consideration at or about the same time that would involve the Funds or other clients or funds for which BFA or another Affiliate act as investment manager, transactions in such securities will be made, insofar as feasible, for the respective funds and clients in a manner deemed equitable to all.

In certain instances, BFA may find it efficient for purposes of seeking to obtain best execution, to aggregate or “bunch” certain contemporaneous purchases or sale orders of its advisory accounts and advisory accounts of affiliates. In general, all contemporaneous trades for client accounts under management by the same portfolio manager or investment team will be bunched in a single order if the trader believes the bunched trade would provide each client with an opportunity to achieve a more favorable execution at a potentially lower execution cost. The costs associated with a bunched order will be shared *pro rata* among the clients in the bunched order. Generally, if an order for a particular portfolio manager or management team is filled at several different prices through multiple trades, all accounts participating in the order will receive the average price (except in the case of certain international markets where average pricing is not permitted). While in some cases this practice could have a detrimental effect upon the price or value of the security as far as the Funds are concerned, in other cases it could be beneficial to the Funds. Transactions effected by BFA or the other Affiliates on behalf of more than one of its clients during the same period may increase the demand for securities being purchased or the supply of securities being sold, causing an adverse effect on price. The trader will give the bunched order to the broker-dealer that the trader has identified as being able to provide the best execution of the order. Orders for purchase or sale of securities will be placed within a reasonable amount of time of the order receipt and bunched orders will be kept bunched only long enough to execute the order.

The table below sets forth the brokerage commissions paid by each Fund for the fiscal years noted. Any differences in brokerage commissions paid by a Fund from year to year are due to increases or decreases in that Fund’s assets over those periods:

| Fund                                       | Fund Inception Date | Brokerage Commissions Paid During Fiscal Year Ended July 31, 2016 | Brokerage Commissions Paid During Fiscal Year Ended July 31, 2015 | Brokerage Commissions Paid During Fiscal Year Ended July 31, 2014 |
|--------------------------------------------|---------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
| iShares China Large-Cap ETF                | 10/05/04            | \$177,649                                                         | \$1,162,516                                                       | \$114,685                                                         |
| iShares Edge MSCI Intl Momentum Factor ETF | 01/13/15            | 3,556                                                             | 187                                                               | N/A                                                               |
| iShares Edge MSCI Intl Quality Factor ETF  | 01/13/15            | 241                                                               | 226                                                               | N/A                                                               |

| <u>Fund</u>                                         | <u>Fund<br/>Inception<br/>Date</u> | <u>Brokerage<br/>Commissions<br/>Paid During<br/>Fiscal Year<br/>Ended July 31, 2016</u> | <u>Brokerage<br/>Commissions<br/>Paid During<br/>Fiscal Year<br/>Ended July 31, 2015</u> | <u>Brokerage<br/>Commissions<br/>Paid During<br/>Fiscal Year<br/>Ended July 31, 2014</u> |
|-----------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| iShares Edge MSCI Intl Size Factor ETF              | 06/16/15                           | 78                                                                                       | 8                                                                                        | N/A                                                                                      |
| iShares Edge MSCI Intl Value Factor ETF             | 06/16/15                           | 362                                                                                      | 13                                                                                       | N/A                                                                                      |
| iShares Edge MSCI Min Vol EAFE ETF                  | 10/18/11                           | 826,262                                                                                  | 94,188                                                                                   | 26,673                                                                                   |
| iShares Edge MSCI Min Vol Europe ETF                | 06/03/14                           | 1,195                                                                                    | 207                                                                                      | 6                                                                                        |
| iShares Edge MSCI Min Vol Japan ETF                 | 06/03/14                           | 303                                                                                      | 153                                                                                      | 0                                                                                        |
| iShares Edge MSCI Min Vol USA ETF                   | 10/18/11                           | 54,922                                                                                   | 44,376                                                                                   | 34,131                                                                                   |
| iShares Edge MSCI Multifactor Intl ETF              | 04/28/15                           | 2,152                                                                                    | 793                                                                                      | N/A                                                                                      |
| iShares Edge MSCI Multifactor Intl Small-Cap<br>ETF | 04/28/15                           | 307                                                                                      | 770                                                                                      | N/A                                                                                      |
| iShares Edge MSCI Multifactor USA ETF               | 04/28/15                           | 900                                                                                      | 4                                                                                        | N/A                                                                                      |
| iShares Edge MSCI Multifactor USA Small-Cap<br>ETF  | 04/28/15                           | 233                                                                                      | 17                                                                                       | N/A                                                                                      |
| iShares Edge MSCI USA Momentum Factor ETF           | 04/16/13                           | 17,807                                                                                   | 24,236                                                                                   | 19,565                                                                                   |
| iShares Edge MSCI USA Quality Factor ETF            | 07/16/13                           | 16,934                                                                                   | 10,194                                                                                   | 5,917                                                                                    |
| iShares Edge MSCI USA Size Factor ETF               | 04/16/13                           | 2,844                                                                                    | 5,300                                                                                    | 2,010                                                                                    |
| iShares Edge MSCI USA Value Factor ETF              | 04/16/13                           | 24,422                                                                                   | 13,899                                                                                   | 1,599                                                                                    |
| iShares MSCI EAFE ETF                               | 08/14/01                           | 608,205                                                                                  | 698,020                                                                                  | 999,884                                                                                  |
| iShares MSCI EAFE Growth ETF                        | 08/01/05                           | 29,155                                                                                   | 49,769                                                                                   | 35,662                                                                                   |
| iShares MSCI EAFE Small-Cap ETF                     | 12/10/07                           | 168,968                                                                                  | 114,885                                                                                  | 106,929                                                                                  |
| iShares MSCI EAFE Value ETF                         | 08/01/05                           | 42,155                                                                                   | 78,841                                                                                   | 75,448                                                                                   |
| iShares MSCI Europe Financials ETF                  | 01/20/10                           | 3,270                                                                                    | 9,303                                                                                    | 10,107                                                                                   |
| iShares MSCI Europe Small-Cap ETF                   | 11/12/07                           | 1,820                                                                                    | 2,655                                                                                    | 3,392                                                                                    |

None of the Funds paid any brokerage commissions to BRIL, an affiliate of BFA, or to any other broker-dealer that is part of the BlackRock group of companies, during the fiscal year ended July 31, 2016.

The following table sets forth the names of the Funds' "regular" broker-dealers, as defined under Rule 10b-1 of the 1940 Act, which derive more than 15% of their gross revenues from securities-related activities and in which the Funds invest, together with the market value of each investment as of the fiscal year ended July 31, 2016:

| <u>Fund</u>                             | <u>Issuer</u>                   | <u>Market Value<br/>of Investment</u> |
|-----------------------------------------|---------------------------------|---------------------------------------|
| iShares Edge MSCI Intl Size Factor ETF  | Nomura Holdings, Inc.           | \$ 5,036                              |
|                                         | UBS Group AG                    | 4,089                                 |
|                                         | Barclays PLC                    | 3,862                                 |
|                                         | Deutsche Bank AG                | 3,483                                 |
| iShares Edge MSCI Intl Value Factor ETF | Barclays PLC                    | \$ 314,172                            |
|                                         | Deutsche Bank AG                | 234,058                               |
|                                         | Credit Suisse Group AG          | 132,284                               |
|                                         | Nomura Holdings, Inc.           | 115,371                               |
| iShares Edge MSCI USA Size Factor ETF   | J.P. Morgan Chase & Co.         | \$ 353,306                            |
|                                         | Goldman Sachs Group, Inc. (The) | 332,548                               |
|                                         | Citigroup, Inc.                 | 234,208                               |
|                                         | Bank of America Corp.           | 219,161                               |
| iShares Edge MSCI USA Value Factor ETF  | J.P. Morgan Chase & Co.         | \$ 17,363,185                         |
|                                         | Bank of America Corp.           | 15,587,516                            |
|                                         | Citigroup, Inc.                 | 14,189,008                            |
|                                         | Goldman Sachs Group, Inc. (The) | 4,890,872                             |
| iShares MSCI EAFE ETF                   | UBS Group AG                    | \$244,227,161                         |

| <u>Fund</u>                        | <u>Issuer</u>          | <u>Market Value of Investment</u> |
|------------------------------------|------------------------|-----------------------------------|
|                                    | Barclays PLC           | 167,036,227                       |
|                                    | Credit Suisse Group AG | 103,900,175                       |
|                                    | Deutsche Bank AG       | 89,589,957                        |
|                                    | Nomura Holdings, Inc.  | 81,474,198                        |
| iShares MSCI EAFE Growth ETF       | Credit Suisse Group AG | \$ 4,074,120                      |
| iShares MSCI EAFE Value ETF        | UBS Group AG           | \$ 24,383,555                     |
|                                    | Barclays PLC           | 16,564,372                        |
|                                    | Deutsche Bank AG       | 8,956,201                         |
|                                    | Nomura Holdings, Inc.  | 7,928,123                         |
|                                    | Credit Suisse Group AG | 5,250,035                         |
| iShares MSCI Europe Financials ETF | UBS Group AG           | \$ 15,414,211                     |
|                                    | Barclays PLC           | 10,543,794                        |
|                                    | Credit Suisse Group AG | 6,550,021                         |
|                                    | Deutsche Bank AG       | 5,661,588                         |

The Funds' purchase and sale orders for securities may be combined with those of other investment companies, clients or accounts that BlackRock manages or advises. If purchases or sales of portfolio securities of the Funds and one or more other accounts managed or advised by BlackRock are considered at or about the same time, transactions in such securities are allocated among the Funds and the other accounts in a manner deemed equitable to all by BlackRock. In some cases, this procedure could have a detrimental effect on the price or volume of the security as far as the Funds are concerned. However, in other cases, it is possible that the ability to participate in volume transactions and to negotiate lower transaction costs will be beneficial to the Funds. BlackRock may deal, trade and invest for its own account in the types of securities in which the Funds may invest. BlackRock may, from time to time, effect trades on behalf of and for the account of the Funds with brokers or dealers that are affiliated with BFA, in conformity with the 1940 Act and SEC rules and regulations. Under these provisions, any commissions paid to affiliated brokers or dealers must be reasonable and fair compared to the commissions charged by other brokers or dealers in comparable transactions. The Funds will not deal with affiliates in principal transactions unless permitted by applicable SEC rules or regulations, or by SEC exemptive order.

Portfolio turnover may vary from year to year, as well as within a year. High turnover rates may result in comparatively greater brokerage expenses. The table below sets forth the portfolio turnover rates of each Fund for the fiscal years noted:

| <u>Fund</u>                                      | <u>Fiscal Year Ended July 31, 2016</u> | <u>Fiscal Year Ended July 31, 2015</u> |
|--------------------------------------------------|----------------------------------------|----------------------------------------|
| iShares China Large-Cap ETF                      | 15%                                    | 36%                                    |
| iShares Edge MSCI Intl Momentum Factor ETF       | 171%                                   | 55%                                    |
| iShares Edge MSCI Intl Quality Factor ETF        | 30%                                    | 16%                                    |
| iShares Edge MSCI Intl Size Factor ETF           | 19%                                    | 0%                                     |
| iShares Edge MSCI Intl Value Factor ETF          | 19%                                    | 1%                                     |
| iShares Edge MSCI Min Vol EAFE ETF               | 22%                                    | 23%                                    |
| iShares Edge MSCI Min Vol Europe ETF             | 32%                                    | 25%                                    |
| iShares Edge MSCI Min Vol Japan ETF              | 24%                                    | 18%                                    |
| iShares Edge MSCI Min Vol USA ETF                | 28%                                    | 23%                                    |
| iShares Edge MSCI Multifactor Intl ETF           | 38%                                    | 19%                                    |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | 49%                                    | 17%                                    |
| iShares Edge MSCI Multifactor USA ETF            | 45%                                    | 18%                                    |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | 49%                                    | 17%                                    |
| iShares Edge MSCI USA Momentum Factor ETF        | 129%                                   | 106%                                   |
| iShares Edge MSCI USA Quality Factor ETF         | 50%                                    | 26%                                    |

| Fund                                   | Fiscal Year Ended July 31, 2016 | Fiscal Year Ended July 31, 2015 |
|----------------------------------------|---------------------------------|---------------------------------|
| iShares Edge MSCI USA Size Factor ETF  | 23%                             | 22%                             |
| iShares Edge MSCI USA Value Factor ETF | 81%                             | 15%                             |
| iShares MSCI EAFE ETF                  | 3%                              | 2%                              |
| iShares MSCI EAFE Growth ETF           | 26%                             | 25%                             |
| iShares MSCI EAFE Small-Cap ETF        | 17%                             | 13%                             |
| iShares MSCI EAFE Value ETF            | 26%                             | 25%                             |
| iShares MSCI Europe Financials ETF     | 4%                              | 6%                              |
| iShares MSCI Europe Small-Cap ETF      | 20%                             | 65%                             |

## Additional Information Concerning the Trust

**Shares.** The Trust currently consists of more than 265 separate investment series or portfolios called funds. The Trust issues shares of beneficial interests in the funds with no par value. The Board may designate additional iShares funds.

Each share issued by a fund has a *pro rata* interest in the assets of that fund. Shares have no preemptive, exchange, subscription or conversion rights and are freely transferable. Each share is entitled to participate equally in dividends and distributions declared by the Board with respect to the relevant fund, and in the net distributable assets of such fund on liquidation.

Each share has one vote with respect to matters upon which the shareholder is entitled to vote. In any matter submitted to shareholders for a vote, each fund shall hold a separate vote, provided that shareholders of all affected funds will vote together when: (1) required by the 1940 Act, or (2) the Trustees determine that the matter affects the interests of more than one fund.

Under Delaware law, the Trust is not required to hold an annual meeting of shareholders unless required to do so under the 1940 Act. The policy of the Trust is not to hold an annual meeting of shareholders unless required to do so under the 1940 Act. All shares (regardless of the fund) have noncumulative voting rights in the election of members of the Board. Under Delaware law, Trustees of the Trust may be removed by vote of the shareholders.

Following the creation of the initial Creation Unit(s) of shares of a fund and immediately prior to the commencement of trading in such fund's shares, a holder of shares may be a "control person" of the fund, as defined in Rule 0-1 under the 1940 Act. A fund cannot predict the length of time for which one or more shareholders may remain a control person of the fund.

In accordance with the Trust's Amended and Restated Agreement and Declaration of Trust dated September 17, 2009 (the "Declaration of Trust"), the Board may, without shareholder approval (unless such shareholder approval is required by applicable law, including the 1940 Act), cause one or more funds commencing operations after September 24, 2008 (each, a "New Fund") to merge, reorganize, consolidate, sell all or substantially all of their assets, or take other similar actions with, to or into another New Fund.

Shareholders may make inquiries by writing to iShares Trust, c/o BlackRock Investments, LLC, 1 University Square Drive, Princeton, NJ 08540.

Absent an applicable exemption or other relief from the SEC or its staff, beneficial owners of more than 5% of the shares of a fund may be subject to the reporting provisions of Section 13 of the 1934 Act and the SEC's rules promulgated thereunder. In addition, absent an applicable exemption or other relief from the SEC or its staff, officers and trustees of a fund and beneficial owners of 10% of the shares of a fund ("Insiders") may be subject to the insider reporting, short-swing profit and short sale provisions of Section 16 of the 1934 Act and the SEC's rules promulgated thereunder. Beneficial owners and Insiders should consult with their own legal counsel concerning their obligations under Sections 13 and 16 of the 1934 Act and existing guidance provided by the SEC staff.

**Termination of the Trust or a Fund.** The Trust or a Fund may be terminated by a majority vote of the Board, subject to the affirmative vote of a majority of the shareholders of the Trust or such Fund entitled to vote on termination; however, in certain circumstances described in the Declaration of Trust, only a majority vote of the Board is required. Although the shares are not automatically redeemable upon the occurrence of any specific event, the Declaration of Trust provides that the Board

will have the unrestricted power to alter the number of shares in a Creation Unit. Therefore, in the event of a termination of the Trust or a Fund, the Board, in its sole discretion, could determine to permit the shares to be redeemable in aggregations smaller than Creation Units or to be individually redeemable. In such circumstance, the Trust or a Fund may make redemptions in-kind, for cash or for a combination of cash or securities. Further, in the event of a termination of the Trust or a Fund, the Trust or a Fund might elect to pay cash redemptions to all shareholders, with an in-kind election for shareholders owning in excess of a certain stated minimum amount.

**DTC as Securities Depository for Shares of the Funds.** Shares of each Fund are represented by securities registered in the name of DTC or its nominee and deposited with, or on behalf of, DTC.

DTC was created in 1973 to enable electronic movement of securities between its participants (“DTC Participants”), and NSCC was established in 1976 to provide a single settlement system for securities clearing and to serve as central counterparty for securities trades among DTC Participants. In 1999, DTC and NSCC were consolidated within The Depository Trust & Clearing Corporation (“DTCC”) and became wholly-owned subsidiaries of DTCC. The common stock of DTCC is owned by the DTC Participants, but NYSE and FINRA, through subsidiaries, hold preferred shares in DTCC that provide them with the right to elect one member each to the DTCC board of directors. Access to the DTC system is available to entities, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“Indirect Participants”).

Beneficial ownership of shares is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in shares (owners of such beneficial interests are referred to herein as “Beneficial Owners”) is shown on, and the transfer of ownership is effected only through, records maintained by DTC (with respect to DTC Participants) and on the records of DTC Participants (with respect to Indirect Participants and Beneficial Owners that are not DTC Participants). Beneficial Owners will receive from or through the DTC Participant a written confirmation relating to their purchase of shares. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability of certain investors to acquire beneficial interests in shares of the Fund.

Conveyance of all notices, statements and other communications to Beneficial Owners is effected as follows. Pursuant to the Depositary Agreement between the Trust and DTC, DTC is required to make available to the Trust upon request and for a fee to be charged to the Trust a listing of the shares of each Fund held by each DTC Participant. The Trust shall inquire of each such DTC Participant as to the number of Beneficial Owners holding shares, directly or indirectly, through such DTC Participant. The Trust shall provide each such DTC Participant with copies of such notice, statement or other communication, in such form, number and at such place as such DTC Participant may reasonably request, in order that such notice, statement or communication may be transmitted by such DTC Participant, directly or indirectly, to such Beneficial Owners. In addition, the Trust shall pay to each such DTC Participant a fair and reasonable amount as reimbursement for the expenses attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

Share distributions shall be made to DTC or its nominee, Cede & Co., as the registered holder of all shares of the Trust. DTC or its nominee, upon receipt of any such distributions, shall credit immediately DTC Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in shares of each Fund as shown on the records of DTC or its nominee. Payments by DTC Participants to Indirect Participants and Beneficial Owners of shares held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in a “street name,” and will be the responsibility of such DTC Participants.

The Trust has no responsibility or liability for any aspect of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in such shares, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or for any other aspect of the relationship between DTC and the DTC Participants or the relationship between such DTC Participants and the Indirect Participants and Beneficial Owners owning through such DTC Participants. DTC may decide to discontinue providing its service with respect to shares of the Trust at any time by giving reasonable notice to the Trust and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trust shall take action to find a replacement for DTC to perform its functions at a comparable cost.

**Distribution of Shares.** In connection with each Fund’s launch, each Fund was seeded through the sale of one or more Creation Units by each Fund to one or more initial investors. Initial investors participating in the seeding may be authorized participants, a lead market maker or other third party investor or an affiliate of each Fund or each Fund’s adviser. Each such

initial investor may sell some or all of the shares underlying the Creation Unit(s) held by them pursuant to the registration statement for each Fund (each, a “Selling Shareholder”), which shares have been registered to permit the resale from time to time after purchase. Each Fund will not receive any of the proceeds from the resale by the Selling Shareholders of these shares.

Selling Shareholders may sell shares owned by them directly or through broker-dealers, in accordance with applicable law, on any national securities exchange on which the shares may be listed or quoted at the time of sale, through trading systems, in the over-the-counter market or in transactions other than on these exchanges or systems at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected through brokerage transactions, privately negotiated trades, block sales, entry into options or other derivatives transactions or through any other means authorized by applicable law. Selling Shareholders may redeem the shares held in Creation Unit size by them through an Authorized Participant.

The Selling Shareholder and any broker-dealer or agents participating in the distribution of shares may be deemed to be “underwriters” within the meaning of Section 2(a)(11) of the Securities Act of 1933 in connection with such sales.

The Selling Shareholder and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder.

## Creation and Redemption of Creation Units

**General.** The Trust issues and sells shares of each Fund only in Creation Units on a continuous basis through the Distributor or its agent, without a sales load, at a price based on the NAV next determined after receipt, on any Business Day (as defined below), of an order received by the Distributor or its agent in proper form. On days when the applicable Listing Exchange closes earlier than normal, the Funds may require orders to be placed earlier in the day. The following table sets forth the number of shares of a Fund that constitute a Creation Unit for such Fund and the value of such Creation Unit as of August 31, 2016:

| <u>Fund</u>                                      | <u>Shares Per<br/>Creation Unit</u> | <u>Value Per<br/>Creation<br/>Unit (U.S.\$)</u> |
|--------------------------------------------------|-------------------------------------|-------------------------------------------------|
| iShares China Large-Cap ETF                      | 150,000                             | \$ 5,575,500                                    |
| iShares Edge MSCI Intl Momentum Factor ETF       | 100,000                             | \$ 2,563,000                                    |
| iShares Edge MSCI Intl Quality Factor ETF        | 100,000                             | \$ 2,518,000                                    |
| iShares Edge MSCI Intl Size Factor ETF           | 200,000                             | \$ 4,816,000                                    |
| iShares Edge MSCI Intl Value Factor ETF          | 100,000                             | \$ 2,135,000                                    |
| iShares Edge MSCI Min Vol EAFE ETF               | 100,000                             | \$ 6,635,000                                    |
| iShares Edge MSCI Min Vol Europe ETF             | 50,000                              | \$ 1,153,000                                    |
| iShares Edge MSCI Min Vol Japan ETF              | 100,000                             | \$ 5,874,000                                    |
| iShares Edge MSCI Min Vol USA ETF                | 100,000                             | \$ 4,599,000                                    |
| iShares Edge MSCI Multifactor Intl ETF           | 100,000                             | \$ 2,333,000                                    |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | 100,000                             | \$ 2,468,000                                    |
| iShares Edge MSCI Multifactor USA ETF            | 50,000                              | \$ 1,259,500                                    |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | 50,000                              | \$ 1,579,000                                    |
| iShares Edge MSCI USA Momentum Factor ETF        | 50,000                              | \$ 3,864,000                                    |
| iShares Edge MSCI USA Quality Factor ETF         | 50,000                              | \$ 3,393,500                                    |
| iShares Edge MSCI USA Size Factor ETF            | 50,000                              | \$ 3,513,500                                    |
| iShares Edge MSCI USA Value Factor ETF           | 50,000                              | \$ 3,258,000                                    |
| iShares MSCI EAFE ETF                            | 600,000                             | \$34,980,000                                    |
| iShares MSCI EAFE Growth ETF                     | 400,000                             | \$26,860,000                                    |
| iShares MSCI EAFE Small-Cap ETF                  | 200,000                             | \$ 10,162,000                                   |
| iShares MSCI EAFE Value ETF                      | 400,000                             | \$18,236,000                                    |
| iShares MSCI Europe Financials ETF               | 50,000                              | \$ 862,500                                      |
| iShares MSCI Europe Small-Cap ETF                | 50,000                              | \$ 2,226,500                                    |

In its discretion, the Trust reserves the right to increase or decrease the number of a Fund's shares that constitute a Creation Unit. The Board reserves the right to declare a split or a consolidation in the number of shares outstanding of any Fund, and to make a corresponding change in the number of shares constituting a Creation Unit, in the event that the per share price in the secondary market rises (or declines) to an amount that falls outside the range deemed desirable by the Board.

A "Business Day" with respect to each Fund is any day on which the Listing Exchange on which the Fund is listed for trading is open for business. As of the date of this SAI, each Listing Exchange observes the following holidays, as observed: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

**Fund Deposit.** The consideration for purchase of Creation Units of a Fund generally consists of the in-kind deposit of a designated portfolio of securities (Deposit Securities) and the Cash Component computed as described below. Together, the Deposit Securities and the Cash Component constitute the "Fund Deposit," which, when combined with a Fund's portfolio securities, is designed to generate performance that has a collective investment profile similar to that of the Underlying Index. The Fund Deposit represents the minimum initial and subsequent investment amount for a Creation Unit of any Fund.

The "Cash Component" is an amount equal to the difference between the NAV of the shares (per Creation Unit) and the "Deposit Amount," which is an amount equal to the market value of the Deposit Securities, and serves to compensate for any differences between the NAV per Creation Unit and the Deposit Amount. Payment of any stamp duty or other similar fees and expenses payable upon transfer of beneficial ownership of the Deposit Securities are the sole responsibility of the Authorized Participant purchasing a Creation Unit.

BFA makes available through the NSCC on each Business Day prior to the opening of business on the Listing Exchange, the list of names and the required number of shares of each Deposit Security and the amount of the Cash Component to be included in the current Fund Deposit (based on information as of the end of the previous Business Day for each Fund). Such Fund Deposit is applicable, subject to any adjustments as described below, to purchases of Creation Units of shares of a given Fund until such time as the next-announced Fund Deposit is made available.

The identity and number of shares of the Deposit Securities change pursuant to changes in the composition of a Fund's portfolio and as rebalancing adjustments and corporate action events are reflected from time to time by BFA with a view to the investment objective of the Fund. The composition of the Deposit Securities may also change in response to adjustments to the weighting or composition of the component securities constituting the relevant Underlying Index.

The Funds reserve the right to permit or require the substitution of a "cash in lieu" amount to be added to the Cash Component to replace any Deposit Security that may not be available in sufficient quantity for delivery or that may not be eligible for transfer through DTC or the clearing process (as discussed below) or that the Authorized Participant is not able to trade due to a trading restriction. The Funds also reserve the right to permit or require a "cash in lieu" amount in certain circumstances, including circumstances in which the delivery of the Deposit Security by the Authorized Participant would be restricted under applicable securities or other local laws or in certain other situations. The Funds also reserve the right to permit or require the substitution of Deposit Securities in lieu of cash.

**Cash Purchase Method.** Although the Trust does not ordinarily permit partial or full cash purchases of Creation Units of iShares funds, when partial or full cash purchases of Creation Units are available or specified for a Fund, they will be effected in essentially the same manner as in-kind purchases thereof. In the case of a partial or full cash purchase, the Authorized Participant must pay the cash equivalent of the Deposit Securities it would otherwise be required to provide through an in-kind purchase, plus the same Cash Component required to be paid by an in-kind purchaser.

**Role of the Authorized Participant.** Creation Units may be purchased only by or through a DTC Participant that has entered into an authorized participant agreement with the Distributor (an "Authorized Participant"). Such Authorized Participant will agree, pursuant to the terms of such authorized participant agreement and on behalf of itself or any investor on whose behalf it will act, to certain conditions, including that such Authorized Participant will make available in advance of each purchase of shares an amount of cash sufficient to pay the Cash Component, once the net asset value of a Creation Unit is next determined after receipt of the purchase order in proper form, together with the transaction fees described below. An Authorized Participant, acting on behalf of an investor, may require the investor to enter into an agreement with such Authorized Participant with respect to certain matters, including payment of the Cash Component. Investors who are not Authorized Participants must make appropriate arrangements with an Authorized Participant. Investors should be aware that their particular broker may not be a DTC Participant or may not have executed an authorized participant agreement and that

orders to purchase Creation Units may have to be placed by the investor's broker through an Authorized Participant. As a result, purchase orders placed through an Authorized Participant may result in additional charges to such investor. The Trust does not expect to enter into an authorized participant agreement with more than a small number of DTC Participants. A list of current Authorized Participants may be obtained from the Distributor. The Distributor has adopted guidelines regarding Authorized Participants' transactions in Creation Units that are made available to all Authorized Participants. These guidelines set forth the processes and standards for Authorized Participants to transact with the Distributor and its agents in connection with creation and redemption transactions. In addition, the Distributor may be appointed as the proxy of the Authorized Participant and may be granted a power of attorney under its authorized participant agreement.

**Purchase Orders.** To initiate an order for a Creation Unit, an Authorized Participant must submit to the Distributor or its agent an irrevocable order to purchase shares of a Fund, in proper form, generally before 4:00 p.m., Eastern time on any Business Day to receive that day's NAV. The Distributor or its agent will notify BFA and the custodian of such order. The custodian will then provide such information to any appropriate sub-custodian. Procedures and requirements governing the delivery of the Fund Deposit are set forth in the procedures handbook for Authorized Participants and may change from time to time. Investors, other than Authorized Participants, are responsible for making arrangements for a creation request to be made through an Authorized Participant. The Distributor or its agent will provide a list of current Authorized Participants upon request. Those placing orders to purchase Creation Units through an Authorized Participant should allow sufficient time to permit proper submission of the purchase order to the Distributor or its agent by the Cutoff Time (as defined below) on such Business Day.

The Authorized Participant must also make available on or before the contractual settlement date, by means satisfactory to the Funds, immediately available or same day funds estimated by the Funds to be sufficient to pay the Cash Component next determined after acceptance of the purchase order, together with the applicable purchase transaction fees. Any excess funds will be returned following settlement of the issue of the Creation Unit. Those placing orders should ascertain the applicable deadline for cash transfers by contacting the operations department of the broker or depository institution effectuating the transfer of the Cash Component. This deadline is likely to be significantly earlier than the Cutoff Time of the Funds. Investors should be aware that an Authorized Participant may require orders for purchases of shares placed with it to be in the particular form required by the individual Authorized Participant.

The Authorized Participant is responsible for any and all expenses and costs incurred by a Fund, including any applicable cash amounts, in connection with any purchase order.

**Timing of Submission of Purchase Orders.** An Authorized Participant must submit an irrevocable order to purchase shares of a Fund generally before 4:00 p.m., Eastern time on any Business Day in order to receive that day's NAV. Creation Orders must be transmitted by an Authorized Participant in the form required by the Funds to the Distributor or its agent pursuant to procedures set forth in the authorized participant agreement. Economic or market disruptions or changes, or telephone or other communication failure, may impede the ability to reach the Distributor or its agent or an Authorized Participant. Orders to create shares of a Fund that are submitted on the Business Day immediately preceding a holiday or a day (other than a weekend) when the equity markets in the relevant non-U.S. market are closed may not be accepted. Each Fund's deadline specified above for the submission of purchase orders is referred to as that Fund's "Cutoff Time." The Distributor or its agent, in their discretion, may permit the submission of such orders and requests by or through an Authorized Participant at any time (including on days on which the Listing Exchange is not open for business) via communication through the facilities of the Distributor's or its agent's proprietary website maintained for this purpose. Purchase orders and redemption requests, if accepted by the Trust, will be processed based on the NAV next determined after such acceptance in accordance with a Fund's Cutoff Times as provided in the authorized participant agreement and disclosed in this SAI.

**Acceptance of Orders for Creation Units.** Subject to the conditions that (i) an irrevocable purchase order has been submitted by the Authorized Participant (either on its own or another investor's behalf) and (ii) arrangements satisfactory to the Funds are in place for payment of the Cash Component and any other cash amounts which may be due, the Funds will accept the order, subject to each Fund's right (and the right of the Distributor and BFA) to reject any order until acceptance, as set forth below.

Once a Fund has accepted an order, upon the next determination of the net asset value of the shares, the Fund will confirm the issuance of a Creation Unit, against receipt of payment, at such net asset value. The Distributor or its agent will then transmit a confirmation of acceptance to the Authorized Participant that placed the order.

Each Fund reserves the absolute right to reject or revoke a creation order transmitted to it by the Distributor or its agent if (i) the order is not in proper form; (ii) the investor(s), upon obtaining the shares ordered, would own 80% or more of the currently outstanding shares of the Fund; (iii) the Deposit Securities delivered do not conform to the identity and number of shares specified, as described above; (iv) acceptance of the Deposit Securities would have certain adverse tax consequences to the Fund; (v) acceptance of the Fund Deposit would, in the opinion of counsel, be unlawful; (vi) acceptance of the Fund Deposit would, in the discretion of the Fund or BFA, have an adverse effect on the Fund or the rights of beneficial owners; or (vii) circumstances outside the control of the Fund, the Distributor or its agent and BFA make it impracticable to process purchase orders. The Distributor or its agent shall notify a prospective purchaser of a Creation Unit and/or the Authorized Participant acting on behalf of such purchaser of its rejection of such order. The Funds, State Street, the sub-custodian and the Distributor or its agent are under no duty, however, to give notification of any defects or irregularities in the delivery of Fund Deposits nor shall any of them incur any liability for failure to give such notification.

**Issuance of a Creation Unit.** Except as provided herein, a Creation Unit will not be issued until the transfer of good title to the applicable Fund of the Deposit Securities and the payment of the Cash Component have been completed. When the sub-custodian has confirmed to the custodian that the securities included in the Fund Deposit (or the cash value thereof) have been delivered to the account of the relevant sub-custodian or sub-custodians, the Distributor or its agent and BFA shall be notified of such delivery and the applicable Fund will issue and cause the delivery of the Creation Unit. Typically, Creation Units are issued on a “T+3 basis” (*i.e.*, three Business Days after trade date). For the iShares China Large-Cap ETF, iShares Edge MSCI Min Vol Europe ETF, iShares MSCI Europe Financials ETF and iShares MSCI Europe Small-Cap ETF, Creation Units typically are issued on a “T+2 basis” (*i.e.*, two Business Days after trade date). However, as discussed in Appendix B to this SAI, each Fund reserves the right to settle Creation Unit transactions on a basis other than T+2 or T+3, including a shorter settlement period, as applicable, in order to accommodate non-U.S. market holiday schedules, to account for different treatment among non-U.S. and U.S. markets of dividend record dates and ex-dividend dates (*i.e.*, the last day the holder of a security can sell the security and still receive dividends payable on the security), and in certain other circumstances.

To the extent contemplated by an Authorized Participant’s agreement with the Distributor, each Fund will issue Creation Units to such Authorized Participant, notwithstanding the fact that the corresponding Fund Deposits have not been received in part or in whole, in reliance on the undertaking of the Authorized Participant to deliver the missing Deposit Securities as soon as possible, which undertaking shall be secured by such Authorized Participant’s delivery and maintenance of collateral having a value at least equal to 105% and up to 115%, which percentage BFA may change at any time, in its sole discretion, of the value of the missing Deposit Securities in accordance with the Funds’ then-effective procedures. The Trust may use such cash deposit at any time to buy Deposit Securities for the Funds. The only collateral that is acceptable to the Funds is cash in U.S. dollars. Such cash collateral must be delivered no later than the time specified by a Fund or its custodian on the contractual settlement date. The cash collateral posted by the Authorized Participant may be invested at the risk of the Authorized Participant, and income, if any, on invested cash collateral will be paid to that Authorized Participant. Information concerning the Funds’ current procedures for collateralization of missing Deposit Securities is available from the Distributor or its agent. The authorized participant agreement will permit the Funds to buy the missing Deposit Securities at any time and will subject the Authorized Participant to liability for any shortfall between the cost to the Funds of purchasing such securities and the cash collateral including, without limitation, liability for related brokerage, borrowings and other charges.

In certain cases, Authorized Participants may create and redeem Creation Units on the same trade date and in these instances, the Funds reserve the right to settle these transactions on a net basis or require a representation from the Authorized Participants that the creation and redemption transactions are for separate beneficial owners. All questions as to the number of shares of each security in the Deposit Securities and the validity, form, eligibility and acceptance for deposit of any securities to be delivered shall be determined by each Fund and the Fund’s determination shall be final and binding.

**Costs Associated with Creation Transactions.** A standard creation transaction fee is imposed to offset the transfer and other transaction costs associated with the issuance of Creation Units. The standard creation transaction fee is charged to the Authorized Participant on the day such Authorized Participant creates a Creation Unit, and is the same, regardless of the number of Creation Units purchased by the Authorized Participant on the applicable Business Day. The Authorized Participant may also be required to cover certain brokerage, tax, foreign exchange, execution, price movement and other costs and expenses related to the execution of trades resulting from such transaction (up to the maximum amount shown below). Authorized Participants will also bear the costs of transferring the Deposit Securities to the Funds. Certain fees/costs associated with creation transactions may be waived in certain circumstances. Investors who use the services of a broker or other financial intermediary to acquire Fund shares may be charged a fee for such services.

The following table sets forth each Fund's standard creation transaction fees and maximum additional charge (as described above):

| <u>Fund</u>                                      | <u>Standard Creation<br/>Transaction Fee</u> | <u>Maximum Additional<br/>Charge*</u> |
|--------------------------------------------------|----------------------------------------------|---------------------------------------|
| iShares China Large-Cap ETF                      | \$ 1,300                                     | 7.0%                                  |
| iShares Edge MSCI Intl Momentum Factor ETF       | 4,400                                        | 7.0%                                  |
| iShares Edge MSCI Intl Quality Factor ETF        | 4,800                                        | 7.0%                                  |
| iShares Edge MSCI Intl Size Factor ETF           | 15,000                                       | 7.0%                                  |
| iShares Edge MSCI Intl Value Factor ETF          | 5,000                                        | 7.0%                                  |
| iShares Edge MSCI Min Vol EAFE ETF               | 2,600                                        | 7.0%                                  |
| iShares Edge MSCI Min Vol Europe ETF             | 2,200                                        | 3.0%                                  |
| iShares Edge MSCI Min Vol Japan ETF              | 2,300                                        | 3.0%                                  |
| iShares Edge MSCI Min Vol USA ETF                | 300                                          | 3.0%                                  |
| iShares Edge MSCI Multifactor Intl ETF           | 3,500                                        | 7.0%                                  |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | 11,600                                       | 7.0%                                  |
| iShares Edge MSCI Multifactor USA ETF            | 400                                          | 3.0%                                  |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | 1,500                                        | 3.0%                                  |
| iShares Edge MSCI USA Momentum Factor ETF        | 375                                          | 3.0%                                  |
| iShares Edge MSCI USA Quality Factor ETF         | 400                                          | 3.0%                                  |
| iShares Edge MSCI USA Size Factor ETF            | 1,700                                        | 3.0%                                  |
| iShares Edge MSCI USA Value Factor ETF           | 1,700                                        | 3.0%                                  |
| iShares MSCI EAFE ETF                            | 15,000                                       | 7.0%                                  |
| iShares MSCI EAFE Growth ETF                     | 12,800                                       | 7.0%                                  |
| iShares MSCI EAFE Small-Cap ETF                  | 10,000                                       | 7.0%                                  |
| iShares MSCI EAFE Value ETF                      | 13,200                                       | 7.0%                                  |
| iShares MSCI Europe Financials ETF               | 1,700                                        | 3.0%                                  |
| iShares MSCI Europe Small-Cap ETF                | 3,300                                        | 3.0%                                  |

\* As a percentage of the net asset value per Creation Unit.

**Redemption of Creation Units.** Shares of a Fund may be redeemed by Authorized Participants only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor or its agent and only on a Business Day. The Funds will not redeem shares in amounts less than Creation Units. There can be no assurance, however, that there will be sufficient liquidity in the secondary market at any time to permit assembly of a Creation Unit. Investors should expect to incur brokerage and other costs in connection with assembling a sufficient number of shares to constitute a Creation Unit that could be redeemed by an Authorized Participant. Beneficial owners also may sell shares in the secondary market.

Each Fund generally redeems Creation Units for Fund Securities (as defined below). Please see the *Cash Redemption Method* section below and the following discussion summarizing the in-kind method for further information on redeeming Creation Units of the Funds.

BFA makes available through the NSCC, prior to the opening of business on the Listing Exchange on each Business Day, the designated portfolio of securities ("Deposit Securities") that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form (as defined below) on that day ("Fund Securities"), and an amount of cash (the "Cash Amount," as described below). Such Fund Securities and the corresponding Cash Amount (each subject to possible amendment or correction) are applicable, in order to effect redemptions of Creation Units of a Fund until such time as the next announced composition of the Fund Securities and Cash Amount is made available. Fund Securities received on redemption may not be identical to Deposit Securities that are applicable to creations of Creation Units. Procedures and requirements governing redemption transactions are set forth in the handbook for Authorized Participants and may change from time to time.

Unless cash redemptions are available or specified for a Fund, the redemption proceeds for a Creation Unit generally consist of Fund Securities, plus the Cash Amount, which is an amount equal to the difference between the net asset value of the

shares being redeemed, as next determined after the receipt of a redemption request in proper form, and the value of Fund Securities, less a redemption transaction fee (as described below).

The Trust may, in its sole discretion, substitute a “cash in lieu” amount to replace any Fund Security. The Trust also reserves the right to permit or require a “cash in lieu” amount in certain circumstances, including circumstances in which: (i) the delivery of a Fund Security to the Authorized Participant would be restricted under applicable securities or other local laws; or (ii) the delivery of a Fund Security to the Authorized Participant would result in the disposition of the Fund Security by the Authorized Participant due to restrictions under applicable securities or other local laws, or in certain other situations. The amount of cash paid out in such cases will be equivalent to the value of the substituted security listed as a Fund Security. In the event that the Fund Securities have a value greater than the NAV of the shares, a compensating cash payment equal to the difference is required to be made by or through an Authorized Participant by the redeeming shareholder. Each Fund generally redeems Creation Units for Fund Securities, but each Fund reserves the right to utilize a cash option for redemption of Creation Units. Each Fund may, in its sole discretion, provide such redeeming Authorized Participant a portfolio of securities that differs from the exact composition of the Fund Securities, but does not differ in NAV.

**Cash Redemption Method.** Although the Trust does not ordinarily permit partial or full cash redemptions of Creation Units of iShares funds, when partial or full cash redemptions of Creation Units are available or specified for a Fund, they will be effected in essentially the same manner as in-kind redemptions thereof. In the case of partial or full cash redemption, the Authorized Participant receives the cash equivalent of the Fund Securities it would otherwise receive through an in-kind redemption, plus the same Cash Amount to be paid to an in-kind redeemer.

**Costs Associated with Redemption Transactions.** A standard redemption transaction fee is imposed to offset transfer and other transaction costs that may be incurred by the relevant Fund. The standard redemption transaction fee is charged to the Authorized Participant on the day such Authorized Participant redeems a Creation Unit, and is the same regardless of the number of Creation Units redeemed by an Authorized Participant on the applicable Business Day. The Authorized Participant may also be required to cover certain brokerage, tax, foreign exchange, execution, price movement and other costs and expenses related to the execution of trades resulting from such transaction (up to the maximum amount shown below). Authorized Participants will also bear the costs of transferring the Fund Securities from a Fund to their account on their order. Investors who use the services of a broker or other financial intermediary to dispose of Fund shares may be charged a fee for such services.

The following table sets forth each Fund’s standard redemption transaction fees and maximum additional charge (as described above):

| <u>Fund</u>                                      | <u>Standard Redemption<br/>Transaction Fee</u> | <u>Maximum Additional<br/>Charge*</u> |
|--------------------------------------------------|------------------------------------------------|---------------------------------------|
| iShares China Large-Cap ETF                      | \$ 1,300                                       | 2.0%                                  |
| iShares Edge MSCI Intl Momentum Factor ETF       | 4,400                                          | 2.0%                                  |
| iShares Edge MSCI Intl Quality Factor ETF        | 4,800                                          | 2.0%                                  |
| iShares Edge MSCI Intl Size Factor ETF           | 15,000                                         | 2.0%                                  |
| iShares Edge MSCI Intl Value Factor ETF          | 5,000                                          | 2.0%                                  |
| iShares Edge MSCI Min Vol EAFE ETF               | 2,600                                          | 2.0%                                  |
| iShares Edge MSCI Min Vol Europe ETF             | 2,200                                          | 2.0%                                  |
| iShares Edge MSCI Min Vol Japan ETF              | 2,300                                          | 2.0%                                  |
| iShares Edge MSCI Min Vol USA ETF                | 300                                            | 2.0%                                  |
| iShares Edge MSCI Multifactor Intl ETF           | 3,500                                          | 2.0%                                  |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | 11,600                                         | 2.0%                                  |
| iShares Edge MSCI Multifactor USA ETF            | 400                                            | 2.0%                                  |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | 1,500                                          | 2.0%                                  |
| iShares Edge MSCI USA Momentum Factor ETF        | 375                                            | 2.0%                                  |
| iShares Edge MSCI USA Quality Factor ETF         | 400                                            | 2.0%                                  |
| iShares Edge MSCI USA Size Factor ETF            | 1,700                                          | 2.0%                                  |
| iShares Edge MSCI USA Value Factor ETF           | 1,700                                          | 2.0%                                  |
| iShares MSCI EAFE ETF                            | 15,000                                         | 2.0%                                  |
| iShares MSCI EAFE Growth ETF                     | 12,800                                         | 2.0%                                  |

| Fund                               | Standard Redemption Transaction Fee | Maximum Additional Charge* |
|------------------------------------|-------------------------------------|----------------------------|
| iShares MSCI EAFE Small-Cap ETF    | 10,000                              | 2.0%                       |
| iShares MSCI EAFE Value ETF        | 13,200                              | 2.0%                       |
| iShares MSCI Europe Financials ETF | 1,700                               | 2.0%                       |
| iShares MSCI Europe Small-Cap ETF  | 3,300                               | 2.0%                       |

\* As a percentage of the net asset value per Creation Unit, inclusive of the standard redemption transaction fee.

**Placement of Redemption Orders.** Redemption requests for Creation Units of the Funds must be submitted to the Distributor or its agent by or through an Authorized Participant. An Authorized Participant must submit an irrevocable request to redeem shares of a Fund generally before 4:00 p.m., Eastern time on any Business Day in order to receive that day's NAV. On days when the Listing Exchange closes earlier than normal, a Fund may require orders to redeem Creation Units to be placed earlier that day. Investors, other than Authorized Participants, are responsible for making arrangements for a redemption request to be made through an Authorized Participant. The Distributor or its agent will provide a list of current Authorized Participants upon request.

The Authorized Participant must transmit the request for redemption in the form required by the Funds to the Distributor or its agent in accordance with procedures set forth in the authorized participant agreement. Investors should be aware that their particular broker may not have executed an authorized participant agreement and that, therefore, requests to redeem Creation Units may have to be placed by the investor's broker through an Authorized Participant who has executed an authorized participant agreement. At any time, only a limited number of broker-dealers will have an authorized participant agreement in effect. Investors making a redemption request should be aware that such request must be in the form specified by such Authorized Participant. Investors making a request to redeem Creation Units should allow sufficient time to permit proper submission of the request by an Authorized Participant and transfer of the shares to the Funds' transfer agent; such investors should allow for the additional time that may be required to effect redemptions through their banks, brokers or other financial intermediaries if such intermediaries are not Authorized Participants.

A redemption request is considered to be in "proper form" if (i) an Authorized Participant has transferred or caused to be transferred to the Funds' transfer agent the Creation Unit redeemed through the book-entry system of DTC so as to be effective by the Listing Exchange closing time on any Business Day; (ii) a request in form satisfactory to the applicable Fund is received by the Distributor or its agent from the Authorized Participant on behalf of itself or another redeeming investor within the time periods specified above; and (iii) all other procedures set forth in the authorized participant agreement are properly followed.

Upon receiving a redemption request, the Distributor or its agent shall notify the applicable Fund and the Fund's transfer agent of such redemption request. The tender of an investor's shares for redemption and the distribution of the securities and/or cash included in the redemption payment made in respect of Creation Units redeemed will be made through DTC and the relevant Authorized Participant to the Beneficial Owner thereof as recorded on the book-entry system of DTC or the DTC Participant through which such investor holds, as the case may be, or by such other means specified by the Authorized Participant submitting the redemption request.

A redeeming Authorized Participant, whether on its own account or acting on behalf of a Beneficial Owner, must maintain appropriate security arrangements with a qualified broker-dealer, bank or other custody providers in each jurisdiction in which any of the portfolio securities are customarily traded, to which account such portfolio securities will be delivered.

Deliveries of redemption proceeds by each Fund generally will be made within three Business Days (*i.e.*, "T+3"), except for the iShares China Large-Cap ETF, iShares Edge MSCI Min Vol Europe ETF, iShares MSCI Europe Financials ETF and iShares MSCI Europe Small-Cap ETF, deliveries of redemption proceeds generally will be made within two Business Days (*i.e.*, "T+2"). However, as discussed in Appendix B to this SAI, each Fund reserves the right to settle redemption transactions and deliver redemption proceeds on another basis to accommodate non-U.S. market holiday schedules, to account for different treatment among non-U.S. and U.S. markets of dividend record dates and dividend ex-dates (*i.e.*, the last date the holder of a security can sell the security and still receive dividends payable on the security sold) and in certain other circumstances. Appendix B to this SAI identifies the instances, if any, where more than seven days would be needed to deliver redemption proceeds. Pursuant to an order of the SEC, the Trust will make delivery of redemption proceeds within the number of days stated in Appendix B to this SAI to be the maximum number of days necessary to deliver redemption proceeds.

If neither the redeeming Beneficial Owner nor the Authorized Participant acting on behalf of such redeeming Beneficial Owner has appropriate arrangements to take delivery of Fund Securities in the applicable non-U.S. jurisdiction and it is not possible to make other such arrangements, or if it is not possible to effect deliveries of Fund Securities in such jurisdiction, a Fund may in its discretion exercise its option to redeem such shares in cash, and the redeeming Beneficial Owner will be required to receive its redemption proceeds in cash. In such case, the investor will receive a cash payment equal to the net asset value of its shares based on the NAV of the relevant Fund next determined after the redemption request is received in proper form (minus a redemption transaction fee and additional charges specified above to offset the Fund's brokerage and other transaction costs associated with the disposition of Fund Securities). Redemptions of shares for Fund Securities will be subject to compliance with applicable U.S. federal and state securities laws and each Fund (whether or not it otherwise permits cash redemptions) reserves the right to redeem Creation Units for cash to the extent that the Fund cannot lawfully deliver specific Fund Securities upon redemptions or cannot do so without first registering the Fund Securities under such laws.

Although the Trust does not ordinarily permit cash redemptions of Creation Units, in the event that cash redemptions are permitted or required by the Trust, proceeds will be paid to the Authorized Participant redeeming shares as soon as practicable after the date of redemption (within seven calendar days thereafter, except for the instances listed in Appendix B to this SAI in which more than seven calendar days would be needed).

To the extent contemplated by an Authorized Participant's agreement with the Distributor or its agent, in the event an Authorized Participant has submitted a redemption request in proper form but is unable to transfer all or part of the Creation Unit to be redeemed to a Fund, at or prior to 10:00 a.m., Eastern time on the Listing Exchange business day after the date of submission of such redemption request, the Distributor or its agent will accept the redemption request in reliance on the undertaking by the Authorized Participant to deliver the missing shares as soon as possible. Such undertaking shall be secured by the Authorized Participant's delivery and maintenance of collateral consisting of cash, in U.S. dollars in immediately available funds, having a value at least equal to 105% and up to 115%, which percentage BFA may change at any time, in its sole discretion, of the value of the missing shares. Such cash collateral must be delivered no later than the time specified by a Fund or its custodian on the day after the date of submission of such redemption request and shall be held by State Street and marked-to-market daily. The fees of State Street and any sub-custodians in respect of the delivery, maintenance and redelivery of the cash collateral shall be payable by the Authorized Participant. The cash collateral posted by the Authorized Participant may be invested at the risk of the Authorized Participant, and income, if any, on invested cash collateral will be paid to that Authorized Participant. The authorized participant agreement permits the Funds to acquire shares of the Funds at any time and subjects the Authorized Participant to liability for any shortfall between the aggregate of the cost to the Funds of purchasing such shares, plus the value of the Cash Amount, and the value of the cash collateral together with liability for related brokerage and other charges.

Because the portfolio securities of a Fund may trade on exchange(s) on days that the Listing Exchange is closed or are otherwise not Business Days for such Fund, shareholders may not be able to redeem their shares of such Fund, or purchase or sell shares of such Fund on the Listing Exchange on days when the NAV of such a Fund could be significantly affected by events in the relevant non-U.S. markets.

The right of redemption may be suspended or the date of payment postponed with respect to any Fund: (i) for any period during which the applicable Listing Exchange is closed (other than customary weekend and holiday closings); (ii) for any period during which trading on the applicable Listing Exchange is suspended or restricted; (iii) for any period during which an emergency exists as a result of which disposal of the shares of the Fund's portfolio securities or determination of its net asset value is not reasonably practicable; or (iv) in such other circumstance as is permitted by the SEC.

**Taxation on Creations and Redemptions of Creation Units.** An Authorized Participant generally will recognize either gain or loss upon the exchange of Deposit Securities for Creation Units. This gain or loss is calculated by taking the market value of the Creation Units purchased over the Authorized Participant's aggregate basis in the Deposit Securities exchanged therefor. However, the IRS may apply the wash sales rules to determine that any loss realized upon the exchange of Deposit Securities for Creation Units is not currently deductible. Authorized Participants should consult their own tax advisors.

Current U.S. federal income tax laws dictate that capital gain or loss realized from the redemption of Creation Units will generally create long-term capital gain or loss if the Authorized Participant holds the Creation Units for more than one year, or short-term capital gain or loss if the Creation Units were held for one year or less, if the Creation Units are held as capital assets.

# Taxes

The following is a summary of certain material U.S. federal income tax considerations regarding the purchase, ownership and disposition of shares of a Fund. This summary does not address all of the potential U.S. federal income tax consequences that may be applicable to a Fund or to all categories of investors, some of which may be subject to special tax rules. Current and prospective shareholders are urged to consult their own tax advisors with respect to the specific U.S. federal, state, local and non-U.S. tax consequences of investing in a Fund. The summary is based on the laws and judicial and administrative interpretations thereof in effect on the date of this SAI, all of which are subject to change, possibly with retroactive effect.

**Regulated Investment Company Qualifications.** Each Fund intends to continue to qualify for treatment as a separate RIC under Subchapter M of the Internal Revenue Code. To qualify for treatment as a RIC, each Fund must annually distribute at least 90% of its investment company taxable income (which includes dividends, interest and net short-term capital gains) (and 90% of net tax-exempt income for each of the iShares Edge MSCI Min Vol EAFE ETF and iShares Edge MSCI Min Vol USA ETF), and meet several other requirements. Among such other requirements are the following: (i) at least 90% of each Fund's annual gross income must be derived from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock or securities or non-U.S. currencies, other income (including, but not limited to, gains from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies, and net income derived from interests in qualified publicly-traded partnerships (*i.e.*, partnerships that are traded on an established securities market or tradable on a secondary market, other than partnerships that derive 90% of their income from interest, dividends, capital gains and other traditionally permitted mutual fund income); and (ii) at the close of each quarter of each Fund's taxable year, (a) at least 50% of the market value of each Fund's total assets must be represented by cash and cash items, U.S. government securities, securities of other RICs and other securities, with such other securities limited for purposes of this calculation in respect of any one issuer to an amount not greater than 5% of the value of the Fund's assets and not greater than 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of each Fund's total assets may be invested in the securities (other than U.S. government securities or the securities of other RICs) of any one issuer, of two or more issuers of which 20% or more of the voting stock is held by the Fund and that are engaged in the same or similar trades or businesses or related trades or businesses, or the securities of one or more qualified publicly-traded partnerships.

A Fund may be able to cure a failure to derive 90% of its income from the sources specified above or a failure to diversify its holdings in the manner described above by paying a tax and/or by disposing of certain assets. If, in any taxable year, a Fund fails one of these tests and does not timely cure the failure, that Fund will be taxed in the same manner as an ordinary corporation and distributions to its shareholders will not be deductible by that Fund in computing its taxable income.

Although, in general, the passive loss rules of the Internal Revenue Code do not apply to RICs, such rules do apply to a RIC with respect to items attributable to interests in qualified publicly-traded partnerships. A Fund's investments in partnerships, including in qualified publicly-traded partnerships, may result in the Fund being subject to state, local, or non-U.S. income, franchise or withholding tax liabilities.

**Taxation of RICs.** As a RIC, a Fund will not be subject to U.S. federal income tax on the portion of its taxable investment income and capital gains that it distributes to its shareholders, provided that it satisfies a minimum distribution requirement. To satisfy the minimum distribution requirement, a Fund must distribute to its shareholders at least the sum of (i) 90% of its "investment company taxable income" (*i.e.*, income other than its net realized long-term capital gain over its net realized short-term capital loss), plus or minus certain adjustments, and (ii) 90% of its net tax-exempt income for the taxable year. A Fund will be subject to income tax at regular corporate rates on any taxable income or gains that it does not distribute to its shareholders. If a Fund fails to qualify for any taxable year as a RIC or fails to meet the distribution requirement, all of its taxable income will be subject to tax at regular corporate income tax rates without any deduction for distributions to shareholders, and such distributions generally will be taxable to shareholders as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits. In such event, distributions to individuals should be eligible to be treated as qualified dividend income and distributions to corporate shareholders generally should be eligible for the dividends received deduction. Although each Fund intends to distribute substantially all of its net investment income and its capital gains for each taxable year, each Fund will be subject to U.S. federal income taxation to the extent any such income or gains are not distributed. If a Fund fails to qualify as a RIC in any year, it must pay out its earnings and profits accumulated in that

year in order to qualify again as a RIC. If a Fund fails to qualify as a RIC for a period greater than two taxable years, the Fund may be required to recognize any net built-in gains with respect to certain of its assets (i.e., the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if the Fund had been liquidated) if it qualifies as a RIC in a subsequent year.

**Excise Tax.** A Fund will be subject to a 4% excise tax on certain undistributed income if it does not distribute to its shareholders in each calendar year at least 98% of its ordinary income for the calendar year plus 98.2% of its capital gain net income for the 12 months ended October 31 of such year. For this purpose, however, any ordinary income or capital gain net income retained by a Fund that is subject to corporate income tax will be considered to have been distributed by year-end. In addition, the minimum amounts that must be distributed in any year to avoid the excise tax will be increased or decreased to reflect any underdistribution or overdistribution, as the case may be, from the previous year. Each Fund intends to declare and distribute dividends and distributions in the amounts and at the times necessary to avoid the application of this 4% excise tax.

**Net Capital Loss Carryforwards.** Net capital loss carryforwards may be applied against any net realized capital gains in each succeeding year, until they have been reduced to zero or until their respective expiration dates, whichever occurs first. Capital loss carryforwards from taxable years beginning after 2010 are not subject to expiration, and short-term and long-term capital loss carryforwards from such taxable years may only be applied against net realized short-term and long-term capital gains, respectively.

In the event that a Fund were to experience an ownership change as defined under the Internal Revenue Code, the loss carryforwards and other favorable tax attributes of a Fund, if any, may be subject to limitation.

The following Funds had tax basis net capital loss carryforwards as set forth in the table below as of July 31, 2016, the tax year-end for the Funds listed:

| <b>Fund</b>                                      | <b>Non-Expiring<sup>1</sup></b> | <b>Expiring<br/>2017</b> | <b>Expiring<br/>2018</b> | <b>Expiring<br/>2019</b> | <b>Total</b>    |
|--------------------------------------------------|---------------------------------|--------------------------|--------------------------|--------------------------|-----------------|
| iShares China Large-Cap ETF                      | \$1,454,750,519                 | \$ 58,367,595            | \$ 185,123,529           | \$160,211,209            | \$1,858,452,852 |
| iShares Edge MSCI Intl Momentum Factor ETF       | 309,537                         | —                        | —                        | —                        | 309,537         |
| iShares Edge MSCI Intl Quality Factor ETF        | 213,565                         | —                        | —                        | —                        | 213,565         |
| iShares Edge MSCI Intl Size Factor ETF           | 10,625                          | —                        | —                        | —                        | 10,625          |
| iShares Edge MSCI Intl Value Factor ETF          | 145,281                         | —                        | —                        | —                        | 145,281         |
| iShares Edge MSCI Min Vol EAFE ETF               | 11,014,622                      | —                        | —                        | —                        | 11,014,622      |
| iShares Edge MSCI Min Vol Europe ETF             | 87,691                          | —                        | —                        | —                        | 87,691          |
| iShares Edge MSCI Min Vol Japan ETF              | 26,123                          | —                        | —                        | —                        | 26,123          |
| iShares Edge MSCI Min Vol USA ETF                | 37,606,384                      | —                        | —                        | —                        | 37,606,384      |
| iShares Edge MSCI Multifactor Intl ETF           | 11,012                          | —                        | —                        | —                        | 11,012          |
| iShares Edge MSCI Multifactor Intl Small-Cap ETF | 9,169                           | —                        | —                        | —                        | 9,169           |
| iShares Edge MSCI Multifactor USA ETF            | 17,362                          | —                        | —                        | —                        | 17,362          |
| iShares Edge MSCI Multifactor USA Small-Cap ETF  | 16,322                          | —                        | —                        | —                        | 16,322          |
| iShares Edge MSCI USA Momentum Factor ETF        | 34,826,934                      | —                        | —                        | —                        | 34,826,934      |
| iShares Edge MSCI USA Quality Factor ETF         | 33,085,566                      | —                        | —                        | —                        | 33,085,566      |
| iShares Edge MSCI USA Size Factor ETF            | 2,015,336                       | —                        | —                        | —                        | 2,015,336       |
| iShares Edge MSCI USA Value Factor ETF           | 30,369,912                      | —                        | —                        | —                        | 30,369,912      |
| iShares MSCI EAFE ETF                            | 1,977,863,038                   | 587,985,426              | 1,597,347,728            | 896,354,758              | 5,059,550,950   |
| iShares MSCI EAFE Growth ETF                     | 105,968,747                     | 19,510,202               | 255,395,852              | 90,854,597               | 471,729,398     |
| iShares MSCI EAFE Small-Cap ETF                  | 9,856,860                       | —                        | 7,305,376                | —                        | 17,162,236      |
| iShares MSCI EAFE Value ETF                      | 1,825,014                       | —                        | 92,172,573               | 84,394,874               | 178,392,461     |
| iShares MSCI Europe Financials ETF               | 2,565,502                       | —                        | —                        | 6,313                    | 2,571,815       |
| iShares MSCI Europe Small-Cap ETF                | 1,567,199                       | 373,813                  | 1,478,690                | —                        | 3,419,702       |

<sup>1</sup> Must be utilized prior to losses subject to expiration.

**Taxation of U.S. Shareholders.** Dividends and other distributions by a Fund are generally treated under the Internal Revenue Code as received by the shareholders at the time the dividend or distribution is made. However, any dividend or distribution declared by a Fund in October, November or December of any calendar year and payable to shareholders of record on a specified date in such a month shall be deemed to have been received by each shareholder on December 31 of such calendar year and to have been paid by the Fund not later than such December 31, provided such dividend is actually paid by the Fund during January of the following calendar year.

Each Fund intends to distribute annually to its shareholders substantially all of its investment company taxable income and any net realized long-term capital gains in excess of net realized short-term capital losses (including any capital loss carryovers). However, if a Fund retains for investment an amount equal to all or a portion of its net long-term capital gains in excess of its net short-term capital losses (including any capital loss carryovers), it will be subject to a corporate tax (at a maximum rate of 35%) on the amount retained. In that event, the Fund will designate such retained amounts as undistributed capital gains in a notice to its shareholders who (a) will be required to include in income for U.S. federal income tax purposes, as long-term capital gains, their proportionate shares of the undistributed amount, (b) will be entitled to credit their proportionate shares of the 35% tax paid by the Fund on the undistributed amount against their U.S. federal income tax liabilities, if any, and to claim refunds to the extent their credits exceed their liabilities, if any, and (c) will be entitled to increase their tax basis, for U.S. federal income tax purposes, in their shares by an amount equal to 65% of the amount of undistributed capital gains included in the shareholder's income. Organizations or persons not subject to U.S. federal income tax on such capital gains will be entitled to a refund of their *pro rata* share of such taxes paid by the Fund upon filing appropriate returns or claims for refund with the IRS.

Distributions of net realized long-term capital gains, if any, that a Fund reports as capital gains dividends are taxable as long-term capital gains, whether paid in cash or in shares and regardless of how long a shareholder has held shares of the Fund. All other dividends of a Fund (including dividends from short-term capital gains) from its current and accumulated earnings and profits ("regular dividends") are generally subject to tax as ordinary income, subject to the discussion of qualified dividend income below. Married couples filing jointly with income over approximately \$465,000 and unmarried individuals with income over approximately \$415,000, amounts adjusted annually for inflation, are subject to a 20% tax on any income in excess of those amounts that is long-term capital gain or qualified dividend income, and generally all other long-term capital gain is taxed at 15% (0% at certain income levels). In addition, the top marginal ordinary income tax rate is 39.6% for income in excess of the above thresholds.

If an individual receives a regular dividend qualifying for the long-term capital gains rates and such dividend constitutes an "extraordinary dividend," and the individual subsequently recognizes a loss on the sale or exchange of stock in respect of which the extraordinary dividend was paid, then the loss will be long-term capital loss to the extent of such extraordinary dividend. An "extraordinary dividend" on common stock for this purpose is generally a dividend (i) in an amount greater than or equal to 10% of the taxpayer's tax basis (or trading value) in a share of stock, aggregating dividends with ex-dividend dates within an 85-day period, or (ii) in an amount greater than 20% of the taxpayer's tax basis (or trading value) in a share of stock, aggregating dividends with ex-dividend dates within a 365-day period.

Distributions in excess of a Fund's current and accumulated earnings and profits will, as to each shareholder, be treated as a tax-free return of capital to the extent of a shareholder's basis in shares of the Fund, and as a capital gain thereafter (if the shareholder holds shares of the Fund as capital assets). Distributions in excess of a Fund's minimum distribution requirements, but not in excess of a Fund's earnings and profits, will be taxable to shareholders and will not constitute nontaxable returns of capital. Shareholders receiving dividends or distributions in the form of additional shares should be treated for U.S. federal income tax purposes as receiving a distribution in an amount equal to the amount of money that the shareholders receiving cash dividends or distributions will receive and should have a cost basis in the shares received equal to such amount. Dividends paid by a Fund that are attributable to dividends received by a Fund from domestic corporations may qualify for the federal dividends received deduction for corporations.

A 3.8% U.S. federal Medicare contribution tax is imposed on net investment income, including, but not limited to, interest, dividends, and net gain from investments, of U.S. individuals with income exceeding \$200,000 (or \$250,000 if married and filing jointly) and of estates and trusts.

Investors considering buying shares just prior to a dividend or capital gain distribution should be aware that, although the price of shares purchased at that time may reflect the amount of the forthcoming distribution, such dividend or distribution may nevertheless be taxable to them. If a Fund is the holder of record of any security on the record date for any dividends

payable with respect to such security, such dividends will be included in the Fund's gross income not as of the date received but as of the later of (a) the date such security became ex-dividend with respect to such dividends (*i.e.*, the date on which a buyer of the security would not be entitled to receive the declared, but unpaid, dividends); or (b) the date the Fund acquired such security. Accordingly, in order to satisfy its income distribution requirements, a Fund may be required to pay dividends based on anticipated earnings, and shareholders may receive dividends in an earlier year than would otherwise be the case.

In certain situations, a Fund may, for a taxable year, defer all or a portion of its net capital loss (or if there is no net capital loss, then any net long-term or short-term capital loss) realized after October and its late-year ordinary loss (defined as the sum of (i) the excess of post-October foreign currency and passive foreign investment company ("PFIC") losses over post-October foreign currency and PFIC gains and (ii) the excess of post-December ordinary losses over post-December ordinary income) until the next taxable year in computing its investment company taxable income and net capital gain, which will defer the recognition of such realized losses. Such deferrals and other rules regarding gains and losses realized after October (or December) may affect the tax character of shareholder distributions.

**Sales of Shares.** Upon the sale or exchange of shares of a Fund, a shareholder will realize a taxable gain or loss equal to the difference between the amount realized and the shareholder's basis in shares of the Fund. A redemption of shares by a Fund will be treated as a sale for this purpose. Such gain or loss will be treated as capital gain or loss if the shares are capital assets in the shareholder's hands and will be long-term capital gain or loss if the shares are held for more than one year and short-term capital gain or loss if the shares are held for one year or less. Any loss realized on a sale or exchange will be disallowed to the extent the shares disposed of are replaced, including replacement through the reinvesting of dividends or capital gains distributions, or by an option on substantially identical shares within a 61-day period beginning 30 days before and ending 30 days after the disposition of the shares. In such a case, the basis of the shares acquired will be increased to reflect the disallowed loss. Any loss realized by a shareholder on the sale of Fund shares held by the shareholder for six months or less will be treated for U.S. federal income tax purposes as a long-term capital loss to the extent of any distributions or deemed distributions of long-term capital gains received by the shareholder with respect to such share. The Medicare contribution tax described above will apply to the sale of Fund shares.

If a shareholder incurs a sales charge in acquiring shares of a Fund, disposes of those shares within 90 days and then, on or before January 31 of the following calendar year, acquires shares in a mutual fund for which the otherwise applicable sales charge is reduced by reason of a reinvestment right (*e.g.*, an exchange privilege), the original sales charge will not be taken into account in computing gain/loss on the original shares to the extent the subsequent sales charge is reduced. Instead, the disregarded portion of the original sales charge will be added to the tax basis of the newly acquired shares. Furthermore, the same rule also applies to a disposition of the newly acquired shares made within 90 days of the second acquisition. This provision prevents shareholders from immediately deducting the sales charge by shifting their investments within a family of mutual funds.

**Back-Up Withholding.** In certain cases, a Fund will be required to withhold at a 28% rate and remit to the U.S. Treasury such amounts withheld from any distributions paid to a shareholder who: (i) has failed to provide a correct taxpayer identification number; (ii) is subject to back-up withholding by the IRS; (iii) has failed to certify to a Fund that such shareholder is not subject to back-up withholding; or (iv) has not certified that such shareholder is a U.S. person (including a U.S. resident alien). Back-up withholding is not an additional tax and any amount withheld may be credited against a shareholder's U.S. federal income tax liability.

**Sections 351 and 362.** The Trust, on behalf of each Fund, has the right to reject an order for a purchase of shares of the Fund if the purchaser (or group of purchasers) would, upon obtaining the shares so ordered, own 80% or more of the outstanding shares of a given Fund and if, pursuant to Sections 351 and 362 of the Internal Revenue Code, that Fund would have a basis in the securities different from the market value of such securities on the date of deposit. If a Fund's basis in such securities on the date of deposit was less than market value on such date, the Fund, upon disposition of the securities, would recognize more taxable gain or less taxable loss than if its basis in the securities had been equal to market value. It is not anticipated that the Trust will exercise the right of rejection except in a case where the Trust determines that accepting the order could result in material adverse tax consequences to a Fund or its shareholders. The Trust also has the right to require information necessary to determine beneficial share ownership for purposes of the 80% determination.

**Taxation of Certain Derivatives.** A Fund's transactions in zero coupon securities, non-U.S. currencies, forward contracts, options and futures contracts (including options and futures contracts on non-U.S. currencies), to the extent permitted, will be subject to special provisions of the Internal Revenue Code (including provisions relating to "hedging transactions" and

“straddles”) that, among other consequences, may affect the character of gains and losses realized by the Fund (*i.e.*, may affect whether gains or losses are ordinary or capital), accelerate recognition of income to the Fund and defer Fund losses. These rules could therefore affect the character, amount and timing of distributions to shareholders. These provisions also (a) will require a Fund to mark-to-market certain types of the positions in its portfolio (*i.e.*, treat them as if they were closed out at the end of each year) and (b) may cause a Fund to recognize income without receiving cash with which to pay dividends or make distributions in amounts necessary to satisfy the distribution requirements for avoiding income and excise taxes. Each Fund will monitor its transactions, will make the appropriate tax elections and will make the appropriate entries in its books and records when it acquires any zero coupon security, non-U.S. currency, forward contract, option, futures contract or hedged investment in order to mitigate the effect of these rules and prevent disqualification of a Fund as a RIC.

A Fund’s investments in so-called “Section 1256 contracts,” such as regulated futures contracts, most non-U.S. currency forward contracts traded in the interbank market and options on most security indexes, are subject to special tax rules. All Section 1256 contracts held by a Fund at the end of its taxable year are required to be marked to their market value, and any unrealized gain or loss on those positions will be included in a Fund’s income as if each position had been sold for its fair market value at the end of the taxable year. The resulting gain or loss will be combined with any gain or loss realized by a Fund from positions in Section 1256 contracts closed during the taxable year. Provided such positions were held as capital assets and were not part of a “hedging transaction” nor part of a “straddle,” 60% of the resulting net gain or loss will be treated as long-term capital gain or loss, and 40% of such net gain or loss will be treated as short-term capital gain or loss, regardless of the period of time the positions were actually held by a Fund.

As a result of entering into swap contracts, a Fund may make or receive periodic net payments. A Fund may also make or receive a payment when a swap is terminated prior to maturity through an assignment of the swap or other closing transaction. Periodic net payments will generally constitute ordinary income or deductions, while termination of a swap will generally result in capital gain or loss (which will be a long-term capital gain or loss if a Fund has been a party to the swap for more than one year). With respect to certain types of swaps, a Fund may be required to currently recognize income or loss with respect to future payments on such swaps or may elect under certain circumstances to mark such swaps to market annually for tax purposes as ordinary income or loss.

**Qualified Dividend Income.** Distributions by a Fund of investment company taxable income (including any short-term capital gains), whether received in cash or shares, will be taxable either as ordinary income or as qualified dividend income, which is eligible to be taxed at long-term capital gain rates to the extent a Fund receives qualified dividend income on the securities it holds and a Fund reports the distribution as qualified dividend income. Qualified dividend income is, in general, dividend income from taxable U.S. corporations (but generally not from U.S. REITs) and certain non-U.S. corporations (*e.g.*, non-U.S. corporations that are not “passive foreign investment companies” and which are incorporated in a possession of the United States or in certain countries with a comprehensive tax treaty with the United States, or the stock of which is readily tradable on an established securities market in the United States (where the dividends are paid with respect to such stock)). Under current IRS guidance, the United States has appropriate comprehensive income tax treaties with the following countries: Australia, Austria, Bangladesh, Barbados, Belgium, Bulgaria, Canada, China (but not with Hong Kong, which is treated as a separate jurisdiction for U.S. tax purposes), Cyprus, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Mexico, Morocco, the Netherlands, New Zealand, Norway, Pakistan, the Philippines, Poland, Portugal, Romania, Russia, the Slovak Republic, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, the United Kingdom, and Venezuela. Substitute payments received by a Fund for securities lent out by a Fund will not be qualified dividend income.

A dividend from a Fund will not be treated as qualified dividend income to the extent that (i) the shareholder has not held the shares on which the dividend was paid for 61 days during the 121-day period that begins on the date that is 60 days before the date on which the shares become ex-dividend with respect to such dividend or a Fund fails to satisfy those holding period requirements with respect to the securities it holds that paid the dividends distributed to the shareholder (or, in the case of certain preferred stocks, the holding requirement of 91 days during the 181-day period beginning on the date that is 90 days before the date on which the stock becomes ex-dividend with respect to such dividend); (ii) a Fund or the shareholder is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to substantially similar or related property; or (iii) the shareholder elects to treat such dividend as investment income under Section 163(d)(4)(B) of the Internal Revenue Code. Dividends received by a Fund from a REIT or another RIC may be treated as qualified dividend income only to the extent the dividend distributions are attributable to qualified dividend income received by such REIT or other RIC. It is expected that dividends received by a Fund from a REIT and distributed to a

shareholder generally will be taxable to the shareholder as ordinary income. Distributions by a Fund of its net short-term capital gains will be taxable as ordinary income.

**Corporate Dividends Received Deduction.** Dividends paid by a Fund that are attributable to dividends received by the Fund from U.S. corporations may qualify for the U.S. federal dividends received deduction for corporations. A 46-day minimum holding period during the 90-day period that begins 45 days prior to ex-dividend date (or 91-day minimum holding period during the 180 period beginning 90 days prior to ex-dividend date for certain preference dividends) during which risk of loss may not be diminished is required for the applicable shares, at both the Fund and shareholder level, for a dividend to be eligible for the dividends received deduction. Restrictions may apply if indebtedness, including a short sale, is attributable to the investment.

**Excess Inclusion Income.** Under current law, the Funds serve to block unrelated business taxable income (“UBTI”) from being realized by their tax-exempt shareholders. Notwithstanding the foregoing, a tax-exempt shareholder could realize UBTI by virtue of its investment in a Fund if shares in the Fund constitute debt-financed property in the hands of the tax-exempt shareholder within the meaning of Section 514(b) of the Internal Revenue Code. Certain types of income received by a Fund from REITs, real estate mortgage investment conduits, taxable mortgage pools or other investments may cause the Fund to report some or all of its distributions as “excess inclusion income.” To Fund shareholders, such excess inclusion income may (i) constitute taxable income, as UBTI for those shareholders who would otherwise be tax-exempt such as individual retirement accounts, 401(k) accounts, Keogh plans, pension plans and certain charitable entities; (ii) not be offset by otherwise allowable deductions for tax purposes; (iii) not be eligible for reduced U.S. withholding for non-U.S. shareholders even from tax treaty countries; and (iv) cause the Fund to be subject to tax if certain “disqualified organizations,” as defined by the Internal Revenue Code, are Fund shareholders. If a charitable remainder annuity trust or a charitable remainder unitrust (each as defined in Section 664 of the Internal Revenue Code) has UBTI for a taxable year, a 100% excise tax on the UBTI is imposed on the trust.

**Non-U.S. Investments.** Under Section 988 of the Internal Revenue Code, gains or losses attributable to fluctuations in exchange rates between the time a Fund accrues income or receivables or expenses or other liabilities denominated in a non-U.S. currency and the time a Fund actually collects such income or pays such liabilities are generally treated as ordinary income or ordinary loss. In general, gains (and losses) realized on debt instruments will be treated as Section 988 gain (or loss) to the extent attributable to changes in exchange rates between a U.S. dollar and the currencies in which the instruments are denominated. Similarly, gains or losses on non-U.S. currency, non-U.S. currency forward contracts and certain non-U.S. currency options or futures contracts denominated in non-U.S. currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss unless a Fund were to elect otherwise.

Each Fund may be subject to non-U.S. income taxes withheld at the source. Each Fund, if permitted to do so, may elect to “pass through” to its investors the amount of non-U.S. income taxes paid by the Fund provided that the Fund held the security on the dividend settlement date and for at least 15 additional days immediately before and/or thereafter, with the result that each investor with respect to shares of the Fund held for a minimum 16-day holding period at the time of deemed distribution will (i) include in gross income, even though not actually received, the investor’s *pro rata* share of the Fund’s non-U.S. income taxes, and (ii) either deduct (in calculating U.S. taxable income, but only for investors who itemize their deductions on their personal tax returns) or credit (in calculating U.S. federal income tax) the investor’s *pro rata* share of the Fund’s non-U.S. income taxes. Withholding taxes on dividends on non-U.S. securities while such securities are lent out by a Fund are not eligible for non-U.S. tax credit pass through. Taxes not “passed through” for tax purposes will not be available to shareholders for foreign tax credit purposes. A non-U.S. person invested in a Fund in a year that the Fund elects to “pass through” its non-U.S. taxes may be treated as receiving additional dividend income subject to U.S. withholding tax. A non-U.S. tax credit may not exceed the investor’s U.S. federal income tax otherwise payable with respect to the investor’s non-U.S. source income. For this purpose, shareholders must treat as non-U.S. source gross income (i) their proportionate shares of non-U.S. taxes paid by the Fund and (ii) the portion of any dividend paid by the Fund that represents income derived from non-U.S. sources; the Fund’s gain from the sale of securities will generally be treated as U.S.-source income. Certain limitations will be imposed to the extent to which the non-U.S. tax credit may be claimed. If your Fund shares are loaned pursuant to securities lending arrangements, you may lose the ability to use any non-U.S. tax credits passed through by a Fund or to treat Fund dividends (paid while the shares are held by the borrower) as qualified dividends. Regarding a short sale with respect to shares of a Fund, substitute payments made to the lender of such shares may not be deductible under certain circumstances. Consult your financial intermediary or tax advisor.

Certain of the Funds have filed refund claims in various EU countries to recover taxes withheld on dividend income based upon certain provisions of the Treaty on the Functioning of the EU. Except for certain countries, collection of such tax refund claims is uncertain. Pending confirmatory guidance from the IRS, the Fund anticipates that in most cases tax refunds received will reduce the Fund's pass-through of foreign tax credits in such year and potentially future years and in other cases may result in the Fund paying an IRS compliance fee to cover the effect of the tax credits previously passed through to shareholders on refunded foreign taxes.

**Passive Foreign Investment Companies.** If a Fund purchases shares in PFICs, it may be subject to U.S. federal income tax on a portion of any "excess distribution" or gain from the disposition of such shares even if such income is distributed as a taxable dividend by the Fund to its shareholders. Additional charges in the nature of interest may be imposed on the Fund in respect of deferred taxes arising from such distributions or gains.

If a Fund were to invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Internal Revenue Code, in lieu of the foregoing requirements, a Fund might be required to include in income each year a portion of the ordinary earnings and net capital gains of the qualified electing fund, even if not distributed to a Fund, and such amounts would be subject to the 90% and excise tax distribution requirements described above. In order to make this election, a Fund would be required to obtain certain annual information from the PFICs in which it invests, which may be difficult or impossible to obtain. Currently proposed IRS regulations, if adopted, would treat such included amounts as nonqualifying RIC income to a Fund unless such amounts were also distributed to the Fund.

Alternatively, a Fund may make a mark-to-market election that would result in a Fund being treated as if it had sold and repurchased its PFIC stock at the end of each year. In such case, a Fund would report any such gains as ordinary income and would deduct any such losses as ordinary losses to the extent of previously recognized gains. The election must be made separately for each PFIC owned by a Fund and, once made, would be effective for all subsequent taxable years, unless revoked with the consent of the IRS. By making the election, a Fund could potentially ameliorate the adverse tax consequences with respect to its ownership of shares in a PFIC, but in any particular year may be required to recognize income in excess of the distributions it receives from PFICs and its proceeds from dispositions of PFIC stock. A Fund may have to distribute this "phantom" income and gain to satisfy the 90% distribution requirement and to avoid imposition of the 4% excise tax.

A Fund will make the appropriate tax elections, if possible, and take any additional steps that are necessary to mitigate the effects of these rules.

**Reporting.** If a shareholder recognizes a loss with respect to a Fund's shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder, the shareholder must file with the IRS a disclosure statement on IRS Form 8886. Direct shareholders of portfolio securities are in many cases exempted from this reporting requirement, but under current guidance, shareholders of a RIC are not exempted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

**Other Taxes.** Dividends, distributions and redemption proceeds may also be subject to additional state, local and non-U.S. taxes depending on each shareholder's particular situation.

**Taxation of Non-U.S. Shareholders.** Dividends paid by a Fund to non-U.S. shareholders are generally subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty to the extent derived from investment income and short-term capital gains. Dividends paid by a Fund from net tax-exempt income or long-term capital gains are generally not subject to such withholding tax. In order to obtain a reduced rate of withholding, a non-U.S. shareholder will be required to provide an IRS Form W-8BEN or IRS Form W-8BEN-E certifying its entitlement to benefits under a treaty. The withholding tax does not apply to regular dividends paid to a non-U.S. shareholder who provides an IRS Form W-8ECI, certifying that the dividends are effectively connected with the non-U.S. shareholder's conduct of a trade or business within the United States. Instead, the effectively connected dividends will be subject to regular U.S. income tax as if the non-U.S. shareholder were a U.S. shareholder. A non-U.S. corporation receiving effectively connected dividends may also be subject to additional "branch profits tax" imposed at a rate of 30% (or lower treaty rate). A non-U.S. shareholder who fails to provide an IRS Form W-8BEN, IRS Form W-8BEN-E or other applicable form may be subject to back-up withholding at the appropriate rate.

Properly-reported dividends are generally exempt from U.S. federal withholding tax where they (i) are paid in respect of the Fund's "qualified net interest income" (generally, the Fund's U.S. source interest income, other than certain contingent

interest and interest from obligations of a corporation or partnership in which the Fund is at least a 10% shareholder, reduced by expenses that are allocable to such income) or (ii) are paid in respect of the Fund's "qualified short-term capital gains" (generally, the excess of the Fund's net short-term capital gain over the Fund's long-term capital loss for such taxable year). However, depending on its circumstances, the Fund may report all, some or none of its potentially eligible dividends as such qualified net interest income or as qualified short-term capital gains and/or treat such dividends, in whole or in part, as ineligible for this exemption from withholding. In order to qualify for this exemption from withholding, a non-U.S. shareholder will need to comply with applicable certification requirements relating to its non-U.S. status (including, in general, furnishing an IRS Form W-8BEN, IRS Form W-8BEN-E or substitute Form). In the case of shares held through an intermediary, the intermediary may withhold even if the Fund reports the payment as qualified net interest income or qualified short-term capital gain. Non-U.S. shareholders should contact their intermediaries with respect to the application of these rules to their accounts.

Distributions that the Fund reports as "short-term capital gain dividends" or "long-term capital gain dividends" will not be treated as such to a recipient foreign shareholder if the distribution is attributable to gain received from the sale or exchange of U.S. real property or an interest in a U.S. real property holding corporation and the Fund's direct or indirect interests in U.S. real property exceeded certain levels. Instead, if the foreign shareholder has not owned more than 5% of the outstanding shares of the Fund at any time during the one year period ending on the date of distribution, such distributions will be subject to 30% withholding by the Fund and will be treated as ordinary dividends to the foreign shareholder; if the foreign shareholder owned more than 5% of the outstanding shares of the Fund at any time during the one year period ending on the date of the distribution, such distribution will be treated as real property gain subject to 35% withholding tax and could subject the foreign shareholder to U.S. filing requirements. Additionally, if the Fund's direct or indirect interests in U.S. real property were to exceed certain levels, a foreign shareholder realizing gains upon redemption from the Fund could be subject to the 35% withholding tax and U.S. filing requirements unless more than 50% of the Fund's shares were owned by U.S. persons at such time or unless the foreign person had not held more than 5% of the Fund's outstanding shares throughout either such person's holding period for the redeemed shares or, if shorter, the previous five years.

The rules laid out in the previous paragraph, other than the withholding rules, will apply notwithstanding the Fund's participation in a wash sale transaction or its payment of a substitute dividend.

Distributions of U.S. real property interests (including securities in a U.S. real property holding corporation, unless such corporation is regularly traded on an established securities market and a Fund has held 5% or less of the outstanding shares of the corporation during the five-year period ending on the date of distribution) in redemption of a foreign shareholder's shares of the Fund will cause the Fund to recognize gain, provided that 50% or more of the value of a Fund's stock is held by U.S. shareholders. If the Fund is required to recognize gain, the amount of gain recognized will be equal to the fair market value of such interests over the Fund's adjusted bases to the extent of the greatest foreign ownership percentage of the Fund during the five-year period ending on the date of redemption.

A 30% withholding tax is currently imposed on U.S.-source dividends, interest and other income items and will be imposed on proceeds from the sale, redemption or other disposition of property producing U.S.-source dividends and interest paid after December 31, 2018, to (i) foreign financial institutions, including non-U.S. investment funds, unless they agree to collect and disclose to the IRS information regarding their direct and indirect U.S. account holders; and (ii) certain other foreign entities, unless they certify certain information regarding their direct and indirect U.S. owners. To avoid withholding, foreign financial institutions will need to (i) enter into agreements with the IRS that state that they will provide the IRS information, including the names, addresses and taxpayer identification numbers of direct and indirect U.S. account holders; comply with due diligence procedures with respect to the identification of U.S. accounts; report to the IRS certain information with respect to U.S. accounts maintained; agree to withhold tax on certain payments made to non-compliant foreign financial institutions or to account holders who fail to provide the required information; and determine certain other information concerning their account holders, or (ii) in the event an intergovernmental agreement and implementing legislation are adopted, provide local revenue authorities with similar account holder information. Other foreign entities may need to report the name, address, and taxpayer identification number of each substantial U.S. owner or provide certifications of no substantial U.S. ownership unless certain exceptions apply.

Shares of a Fund held by a non-U.S. shareholder at death will be considered situated within the United States and subject to the U.S. estate tax.

The foregoing discussion is a summary of certain material U.S. federal income tax considerations only and is not intended as a substitute for careful tax planning. Purchasers of shares should consult their own tax advisors as to the tax consequences of investing in such shares, including consequences under state, local and non-U.S. tax laws. Finally, the foregoing discussion is based on applicable provisions of the Internal Revenue Code, regulations, judicial authority and administrative interpretations in effect on the date of this SAI. Changes in applicable authority could materially affect the conclusions discussed above, and such changes often occur.

## Financial Statements

Each Fund's audited Financial Statements, including the Financial Highlights, appearing in the applicable Annual Report to Shareholders and the report therein of PricewaterhouseCoopers LLP, an independent registered public accounting firm, are hereby incorporated by reference in this SAI. The applicable Annual Report to Shareholders, which contains the referenced audited financial statements, is available upon request and without charge.

## Miscellaneous Information

**Counsel.** Willkie Farr & Gallagher LLP, located at 787 Seventh Avenue, New York, NY 10019, is counsel to the Trust.

**Independent Registered Public Accounting Firm.** PricewaterhouseCoopers LLP, located at Three Embarcadero Center, San Francisco, CA 94111, serves as the Trust's independent registered public accounting firm, audits the Funds' financial statements, and may perform other services.

**Shareholder Communications to the Board.** The Board has established a process for shareholders to communicate with the Board. Shareholders may contact the Board by mail. Correspondence should be addressed to iShares Board of Trustees, c/o BlackRock Fund Advisors, iShares Fund Administration, 400 Howard Street, San Francisco, CA 94105. Shareholder communications to the Board should include the following information: (i) the name and address of the shareholder; (ii) the number of shares owned by the shareholder; (iii) the Fund(s) of which the shareholder owns shares; and (iv) if these shares are owned indirectly through a broker, financial intermediary or other record owner, the name of the broker, financial intermediary or other record owner. All correspondence received as set forth above shall be reviewed by the Secretary of the Trust and reported to the Board.

**Regulation Under the Alternative Investment Fund Managers Directive.** The Alternative Investment Fund Managers Directive ("AIFMD") imposes detailed and prescriptive obligations on fund managers established in the EU ("EU Operative Provisions"). These do not currently apply to managers established outside of the EU, such as BFA. Rather, non-EU managers are only required to comply with certain disclosure, reporting and transparency obligations of AIFMD ("AIFMD Disclosure Provisions") if such managers market a fund to EU investors.

Where the AIFMD Disclosure Provisions relate to EU Operative Provisions that do not apply to BFA, no meaningful disclosure can be made. These EU Operative Provisions include prescriptive rules on: measuring and capping leverage in line with known European standards; the treatment of investors; the use of "depositories"; and coverage for professional liability risks.

AIFMD imposes certain conditions on the marketing of funds, such as the Funds, to EU investors. AIFMD requires that an 'alternative investment fund manager' ("AIFM") be identified to meet such conditions where such marketing is sought. For these purposes BFA, as the legal entity responsible for performing the portfolio and risk management of the Funds, shall be the AIFM.

AIFMD requires disclosure on an ongoing basis of certain information relating to the use of special arrangements, leverage, rights of reuse of collateral, guarantees granted under leverage arrangements and the use of gates, side pockets and similar liquidity management tools. Given that the Funds do not use any special arrangements or allow for collateral reuse, it is not intended that such disclosures will need to be made by the Funds. Each Fund will, however, to the extent relevant and appropriate, disclose in its annual report information on the Fund's leverage, risk profile and risk management systems employed by BFA. Each Fund will also disclose material changes, if any, to the liquidity management systems and procedures employed in respect of the Fund.

BFA has registered the following Funds for marketing to investors in the United Kingdom, the Netherlands, Finland, Sweden, and Luxembourg:

iShares China Large-Cap ETF

iShares MSCI EAFE ETF

iShares MSCI EAFE Small-Cap ETF

**Investors' Rights.** Each Fund relies on the services of BFA and its other service providers, including the Distributor, administrator, custodian and transfer agent. Further information about the duties and roles of these service providers is set out in this SAI. Investors who acquire shares of a Fund are not parties to the relevant agreement with these service providers and do not have express contractual rights against the Fund or its service providers, except certain institutional investors that are Authorized Participants may have certain express contractual rights with respect to the Distributor under the terms of the relevant authorized participant agreement. Investors may have certain legal rights under federal or state law against a Fund or its service providers. In the event that an investor considers that it may have a claim against a Fund, or against any service provider in connection with its investment in the Fund, such investor should consult its own legal advisor.

By contract, Authorized Participants irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court sitting in New York City over any suit, action or proceeding arising out of or relating to the authorized participant agreement. Jurisdiction over other claims, whether by investors or Authorized Participants, will turn on the facts of the particular case and the law of the jurisdiction in which the proceeding is brought.

# Appendix A - Proxy Voting Policy and BlackRock Proxy Voting Guidelines

BlackRock U.S. Registered Funds

iShares by BlackRock

Open-End Fund<sup>1</sup> and ETF Proxy Voting Policy

Procedures Governing Delegation of Proxy Voting to Fund Adviser

September 28, 2015

The Boards of Trustees/Directors (“Directors”) of open-end funds advised by BlackRock Fund Advisors or BlackRock Advisors, LLC (“BlackRock”) (the “Funds”), have the responsibility for the oversight of voting proxies relating to portfolio securities of the Funds, and have determined that it is in the best interests of the Funds and their shareholders to delegate that responsibility to BlackRock as part of BlackRock’s authority to manage, acquire and dispose of account assets, all as contemplated by the Funds’ respective investment management agreements.

BlackRock has adopted guidelines and procedures (together and as from time to time amended, the “BlackRock Proxy Voting Guidelines”) governing proxy voting by accounts managed by BlackRock.

BlackRock will cast votes on behalf of each of the Funds on specific proxy issues in respect of securities held by each such Fund in accordance with the BlackRock Proxy Voting Guidelines.<sup>1</sup>

BlackRock will report on an annual basis to the Directors on (1) all proxy votes that BlackRock has made on behalf of the Funds in the preceding year together with a certification from the Funds’ Chief Compliance Officer that all votes were in accordance with the BlackRock Proxy Voting Guidelines, and (2) any changes to the BlackRock Proxy Voting Guidelines that have not previously been reported.

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<sup>1</sup> iShares MSCI ACWI Low Carbon Target ETF, iShares MSCI All Peru Capped ETF, iShares MSCI EAFE ESG Optimized ETF, iShares MSCI EM ESG Optimized ETF, iShares MSCI Global Impact ETF, iShares MSCI KLD 400 Social ETF and iShares MSCI USA ESG Select ETF have separate Fund Proxy Voting Policies.

**BlackRock**  
**Global corporate governance & engagement principles**  
**June 2014**

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## INTRODUCTION TO BLACKROCK

BlackRock is the world's preeminent asset management firm and a premier provider of global investment management, risk management and advisory services to institutional and individual clients around the world. BlackRock offers a wide range of investment strategies and product structures to meet clients' needs, including individual and institutional separate accounts, mutual funds, closed-end funds, and other pooled investment vehicles and the industry-leading iShares exchange traded funds. Through BlackRock Solutions<sup>®</sup>, we offer risk management, strategic advisory and enterprise investment system services to a broad base of clients.

## PHILOSOPHY ON CORPORATE GOVERNANCE

BlackRock's corporate governance program is focused on protecting and enhancing the economic value of the companies in which it invests on behalf of clients. We do this through engagement with boards and management of investee companies and, for those clients who have given us authority, through voting at shareholder meetings.

We believe that there are certain fundamental rights attached to share ownership. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' interests. Effective voting rights are central to the rights of ownership and there should be one vote for one share. Shareholders should have the right to elect, remove and nominate directors, approve the appointment of the auditor and to amend the corporate charter or by-laws. Shareholders should be able to vote on matters that are material to the protection of their investment including but not limited to changes to the purpose of the business, dilution levels and pre-emptive rights, the distribution of income and the capital structure. In order to exercise these rights effectively, we believe shareholders have the right to sufficient and timely information to be able to take an informed view of the proposals, and of the performance of the company and management.

Our focus is on the board of directors, as the agent of shareholders, which should set the company's strategic aims within a framework of prudent and effective controls which enables risk to be assessed and managed. The board should provide direction and leadership to the management and oversee management's performance. Our starting position is to be supportive of boards in their oversight efforts on our behalf and we would generally expect to support the items of business they put to a vote at shareholder meetings. Votes cast against or withheld from resolutions proposed by the board are a signal that we are concerned that the directors or management have either not acted in the interests of shareholders or have not responded adequately to shareholder concerns regarding strategy or performance.

These principles set out our approach to engaging with companies, provide guidance on our position on corporate governance and outline how our views might be reflected in our voting decisions. Corporate governance practices vary internationally and our expectations in relation to individual companies are based on the legal and regulatory framework of each market. However, as noted above, we do believe that there are some overarching principles of corporate governance that apply globally. We assess voting matters on a case-by-case basis and in light of each company's unique circumstances. We are interested to understand from the company's reporting its approach to corporate governance, particularly where it is different from the usual market practice, and how it benefits shareholders.

BlackRock also believes that shareholders have responsibilities in relation to monitoring and providing feedback to companies, sometimes known as stewardship. These ownership responsibilities include, in our view, engaging with management or board members on corporate governance matters, voting proxies in the best long-term economic interests of shareholders and engaging with regulatory bodies to ensure a sound policy framework consistent with promoting long-term shareholder value creation. Institutional shareholders also have responsibilities to their clients to have appropriate resources and oversight structures. Our own approach to oversight in relation to our corporate governance activities is set out in the section below titled "BlackRock's oversight of its corporate governance activities".

## CORPORATE GOVERNANCE, ENGAGEMENT AND VOTING

We recognize that accepted standards of corporate governance differ between markets but we believe that there are sufficient common threads globally to identify an overarching set of principles. The primary objective of our corporate governance activities is the protection and enhancement of the value of our clients' investments in public corporations. Thus, these principles focus on practices and structures that we consider to be supportive of long-term value creation. We discuss below the principles under six key themes. In our regional and market-specific voting guidelines we explain how these

principles inform our voting decisions in relation to specific resolutions that may appear on the agenda of a shareholder meeting in the relevant market.

The six key themes are:

- Boards and directors
- Auditors and audit-related issues
- Capital structure, mergers, asset sales and other special transactions
- Remuneration and benefits
- Social, ethical and environmental issues
- General corporate governance matters

At a minimum we would expect companies to observe the accepted corporate governance standard in their domestic market or to explain why doing so is not in the interests of shareholders. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with our view of what is in the best interests of shareholders, we typically will engage with the company and/or use our vote to encourage a change in practice. In making voting decisions, we take into account research from proxy advisors, other internal and external research, information published by the company or provided through engagement and the views of our equity portfolio managers.

BlackRock views engagement as an important activity; engagement provides BlackRock with the opportunity to improve our understanding of investee companies and their governance structures, so that our voting decisions may be better informed. Engagement also allows us to share our philosophy and approach to investment and corporate governance with companies to enhance their understanding of our objectives. There are a range of approaches we may take in engaging companies depending on the nature of the issue under consideration, the company and the market.

## **Boards and directors**

The performance of the board is critical to the economic success of the company and to the protection of shareholders' interests. Board members serve as agents of shareholders in overseeing the strategic direction and operation of the company. For this reason, BlackRock focuses on directors in many of its engagements and sees the election of directors as one of its most important responsibilities in the proxy voting context.

We expect the board of directors to promote and protect shareholder interests by:

- establishing an appropriate corporate governance structure;
- supporting and overseeing management in setting strategy;
- ensuring the integrity of financial statements;
- making decisions regarding mergers, acquisitions and disposals;
- establishing appropriate executive compensation structures; and
- addressing business issues including social, ethical and environmental issues when they have the potential to materially impact company reputation and performance.

There should be clear definitions of the role of the board, the sub-committees of the board and the senior management such that the responsibilities of each are well understood and accepted. Companies should report publicly the approach taken to governance (including in relation to board structure) and why this approach is in the interest of shareholders. We will engage with the appropriate directors where we have concerns about the performance of the board or the company, the broad strategy of the company or the performance of individual board members. Concerns about directors may include their role on the board of a different company where that board has performed poorly and failed to protect shareholder interests.

BlackRock believes that directors should stand for re-election on a regular basis. We assess directors nominated for election or re-election in the context of the composition of the board as a whole. There should be detailed disclosure of the relevant credentials of the individual directors in order that shareholders can assess the caliber of an individual nominee. We expect there to be a sufficient number of independent directors on the board to ensure the protection of the interests of all shareholders. Common impediments to independence may include but are not limited to:

- current employment at the company or a subsidiary;

- former employment within the past several years as an executive of the company;
- providing substantial professional services to the company and/or members of the company's management;
- having had a substantial business relationship in the past three years;
- having, or representing a shareholder with, a substantial shareholding in the company;
- being an immediate family member of any of the aforementioned; and
- interlocking directorships.

BlackRock believes that the operation of the board is enhanced when there is a clearly independent, senior non-executive director to lead it. Where the chairman is also the CEO or is otherwise not independent the company should have an independent lead director. The role of this director is to enhance the effectiveness of the independent members of the board through shaping the agenda, ensuring adequate information is provided to the board and encouraging independent participation in board deliberations. The lead independent board director should be available to shareholders if they have concerns that they wish to discuss.

To ensure that the board remains effective, regular reviews of board performance should be carried out and assessments made of gaps in skills or experience amongst the members. BlackRock believes it is beneficial for new directors to be brought onto the board periodically to refresh the group's thinking and to ensure both continuity and adequate succession planning. In identifying potential candidates, boards should take into consideration the diversity of experience and expertise of the current directors and how that might be augmented by incoming directors. We believe that directors are in the best position to assess the optimal size for the board, but we would be concerned if a board seemed too small to have an appropriate balance of directors or too large to be effective.

There are matters for which the board has responsibility that may involve a conflict of interest for executives or for affiliated directors. BlackRock believes that shareholders' interests are best served when the independent members of the board form a sub-committee to deal with such matters. In many markets, these sub-committees of the board specialize in audit, director nominations and compensation matters. An ad hoc committee might also be formed to decide on a special transaction, particularly one with a related party.

#### **Auditors and audit-related issues**

BlackRock recognizes the critical importance of financial statements which should provide a complete and accurate picture of a company's financial condition. We will hold the members of the audit committee or equivalent responsible for overseeing the management of the audit function. We take particular note of cases involving significant financial restatements or ad hoc notifications of material financial weakness.

The integrity of financial statements depends on the auditor being free of any impediments to being an effective check on management. To that end, we believe it is important that auditors are, and are seen to be, independent. Where the audit firm provides services to the company in addition to the audit, the fees earned should be disclosed and explained. Audit committees should also have in place a procedure for assuring annually the independence of the auditor.

#### **Capital structure, mergers, asset sales and other special transactions**

The capital structure of a company is critical to its owners, the shareholders, as it impacts the value of their investment and the priority of their interest in the company relative to that of other equity or debt investors. Pre-emption rights are a key protection for shareholders against the dilution of their interests.

In assessing mergers, asset sales or other special transactions, BlackRock's primary consideration is the long-term economic interests of shareholders. Boards proposing a transaction need to clearly explain the economic and strategic rationale behind it. We will review a proposed transaction to determine the degree to which it enhances long-term shareholder value. We would prefer that proposed transactions have the unanimous support of the board and have been negotiated at arm's length. We may seek reassurance from the board that executive and/or board members' financial interests in a given transaction have not affected their ability to place shareholders' interests before their own. Where the transaction involves related parties, we would expect the recommendation to support it to come from the independent directors and would prefer only non-conflicted shareholders to vote on the proposal.

BlackRock believes that shareholders have a right to dispose of company shares in the open market without unnecessary restriction. In our view, corporate mechanisms designed to limit shareholders' ability to sell their shares are contrary to basic property rights. Such mechanisms can serve to protect and entrench interests other than those of the shareholders. We believe that shareholders are broadly capable of making decisions in their own best interests. We would expect any so-called 'shareholder rights plans' being proposed by a board to be subject to shareholder approval on introduction and periodically thereafter for continuation.

### **Remuneration and benefits**

BlackRock expects a company's board of directors to put in place a compensation structure that incentivizes and rewards executives appropriately and is aligned with shareholder interests, particularly long-term shareholder returns. We would expect the compensation committee to take into account the specific circumstances of the company and the key individuals the board is trying to incentivize. We encourage companies to ensure that their compensation packages incorporate appropriate and challenging performance conditions consistent with corporate strategy and market practice. We use third party research, in addition to our own analysis, to evaluate existing and proposed compensation structures. We hold members of the compensation committee or equivalent accountable for poor compensation practices or structures.

BlackRock believes that there should be a clear link between variable pay and company performance as reflected in returns to shareholders. We are not supportive of one-off or special bonuses unrelated to company or individual performance. We support incentive plans that pay out rewards earned over multiple and extended time periods. We believe consideration should be given to building claw back provisions into incentive plans such that executives would be required to repay rewards where they were not justified by actual performance. Compensation committees should guard against contractual arrangements that would entitle executives to material compensation for early termination of their contract. Finally, pension contributions should be reasonable in light of market practice.

Outside directors should be compensated in a manner that does not risk compromising their independence or aligning their interests too closely with those of the management, whom they are charged with overseeing.

### **Social, ethical, and environmental issues**

Our fiduciary duty to clients is to protect and enhance their economic interest in the companies in which we invest on their behalf. It is within this context that we undertake our corporate governance activities. We believe that well-managed companies will deal effectively with the social, ethical and environmental ("SEE") aspects of their businesses.

BlackRock expects companies to identify and report on the material, business-specific SEE risks and opportunities and to explain how these are managed. This explanation should make clear how the approach taken by the company best serves the interests of shareholders and protects and enhances the long-term economic value of the company. The key performance indicators in relation to SEE matters should also be disclosed and performance against them discussed, along with any peer group benchmarking and verification processes in place. This helps shareholders assess how well management is dealing with the SEE aspects of the business. Any global standards adopted should also be disclosed and discussed in this context.

We may vote against the election of directors where we have concerns that a company might not be dealing with SEE issues appropriately. Sometimes we may reflect such concerns by supporting a shareholder proposal on the issue, where there seems to be either a significant potential threat or realized harm to shareholders' interests caused by poor management of SEE matters. In deciding our course of action, we will assess whether the company has already taken sufficient steps to address the concern and whether there is a clear and material economic disadvantage to the company if the issue is not addressed.

More commonly, given that these are often not voting issues, we will engage directly with the board or management. The trigger for engagement on a particular SEE concern is our assessment that there is potential for material economic ramifications for shareholders.

We do not see it as our role to make social, ethical or political judgments on behalf of clients. We expect investee companies to comply, at a minimum, with the laws and regulations of the jurisdictions in which they operate. They should explain how they manage situations where such laws or regulations are contradictory or ambiguous.

## General corporate governance matters

BlackRock believes that shareholders have a right to timely and detailed information on the financial performance and viability of the companies in which they invest. In addition, companies should also publish information on the governance structures in place and the rights of shareholders to influence these. The reporting and disclosure provided by companies helps shareholders assess whether the economic interests of shareholders have been protected and the quality of the board's oversight of management. BlackRock believes shareholders should have the right to vote on key corporate governance matters, including on changes to governance mechanisms, to submit proposals to the shareholders' meeting and to call special meetings of shareholders.

### BLACKROCK'S OVERSIGHT OF ITS CORPORATE GOVERNANCE ACTIVITIES

#### Oversight

BlackRock holds itself to a very high standard in its corporate governance activities, including in relation to executing proxy votes. This function is executed by a team of dedicated BlackRock employees without sales responsibilities (the "Corporate Governance Group"), and which is considered an investment function. BlackRock maintains three regional oversight committees ("Corporate Governance Committees") for the Americas, Europe, the Middle East and Africa (EMEA) and Asia-Pacific, consisting of senior BlackRock investment professionals. All of the regional Corporate Governance Committees report to a Global Corporate Governance Oversight Committee, which is a risk-focused committee composed of senior representatives of the active and index equity investment businesses, the Deputy General Counsel, the Global Executive Committee member to whom the Corporate Governance Group reports and the head of the Corporate Governance Group. The Corporate Governance Committees review and approve amendments to their respective proxy voting guidelines ("Guidelines") and grant authority to the Global Head of Corporate Governance ("Global Head"), a dedicated BlackRock employee without sales responsibilities, to vote in accordance with the Guidelines. The Global Head leads the Corporate Governance Group to carry out engagement, voting and vote operations in a manner consistent with the relevant Corporate Governance Committee's mandate. The Corporate Governance Group engages companies in conjunction with the portfolio managers in discussions of significant governance issues, conducts research on corporate governance issues and participates in industry discussions to keep abreast of the field of corporate governance. The Corporate Governance Group, or vendors overseen by the Corporate Governance Group, also monitor upcoming proxy votes, execute proxy votes and maintain records of votes cast. The Corporate Governance Group may refer complicated or particularly controversial matters or discussions to the appropriate investors and/or regional Corporate Governance Committees for their review, discussion and guidance prior to making a voting decision.

BlackRock's Equity Policy Oversight Committee (EPOC) is informed of certain aspects of the work of the Global Corporate Governance Oversight Committee and the Corporate Governance Group.

#### Vote execution

BlackRock carefully considers proxies submitted to funds and other fiduciary accounts ("Funds") for which it has voting authority. BlackRock votes (or refrains from voting) proxies for each Fund for which it has voting authority based on BlackRock's evaluation of the best long-term economic interests of shareholders, in the exercise of its independent business judgment, and without regard to the relationship of the issuer of the proxy (or any dissident shareholder) to the Fund, the Fund's affiliates (if any), BlackRock or BlackRock's affiliates.

When exercising voting rights, BlackRock will normally vote on specific proxy issues in accordance with its Guidelines for the relevant market. The Guidelines are reviewed regularly and are amended consistent with changes in the local market practice, as developments in corporate governance occur, or as otherwise deemed advisable by BlackRock's Corporate Governance Committees. The Corporate Governance Committees may, in the exercise of their business judgment, conclude that the Guidelines do not cover the specific matter upon which a proxy vote is requested or that an exception to the Guidelines would be in the best long-term economic interests of BlackRock's clients.

In the uncommon circumstance of there being a vote with respect to fixed-income securities or the securities of privately held issuers the decision generally will be made by a Fund's portfolio managers and/or the Corporate Governance Group based on their assessment of the particular transactions or other matters at issue.

In certain markets, proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. These issues include but are not limited to: (i) untimely notice of shareholder

meetings; (ii) restrictions on a foreigner's ability to exercise votes; (iii) requirements to vote proxies in person; (iv) "share-blocking" (requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder meeting); (v) potential difficulties in translating the proxy; and (vi) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions. We are not supportive of impediments to the exercise of voting rights such as shareblocking or overly burdensome administrative requirements.

As a consequence, BlackRock votes proxies in these markets only on a "best-efforts" basis. In addition, the Corporate Governance Committees may determine that it is generally in the best interests of BlackRock clients not to vote proxies of companies in certain countries if the committee determines that the costs (including but not limited to opportunity costs associated with shareblocking constraints) associated with exercising a vote are expected to outweigh the benefit the client would derive by voting on the issuer's proposal.

While it is expected that BlackRock, as a fiduciary, will generally seek to vote proxies over which BlackRock exercises voting authority in a uniform manner for all BlackRock clients, the relevant Corporate Governance Committee, in conjunction with the portfolio manager of an account, may determine that the specific circumstances of such an account require that such account's proxies be voted differently due to such account's investment objective or other factors that differentiate it from other accounts. In addition, BlackRock believes portfolio managers may from time to time legitimately reach differing but equally valid views, as fiduciaries for their funds and the client assets in those Funds, on how best to maximize economic value in respect of a particular investment. Accordingly, portfolio managers retain full discretion to vote the shares in the Funds they manage based on their analysis of the economic impact of a particular ballot item.

### Conflicts management

BlackRock maintains policies and procedures that are designed to prevent undue influence on BlackRock's proxy voting activity that might stem from any relationship between the issuer of a proxy (or any dissident shareholder) and BlackRock, BlackRock's affiliates, a Fund or a Fund's affiliates. Some of the steps BlackRock has taken to prevent conflicts include, but are not limited to:

- BlackRock has adopted a proxy voting oversight structure whereby the Corporate Governance Committees oversee the voting decisions and other activities of the Corporate Governance Group, and particularly its activities with respect to voting in the relevant region of each Corporate Governance Committee's jurisdiction.
- The Corporate Governance Committees have adopted Guidelines for each region, which set forth the firm's views with respect to certain corporate governance and other issues that typically arise in the proxy voting context. The Corporate Governance Committees receive periodic reports regarding the specific votes cast by the Corporate Governance Group and regular updates on material process issues, procedural changes and other matters of concern to the Corporate Governance Committees.
- BlackRock's Global Corporate Governance Oversight Committee oversees the Global Head, the Corporate Governance Group and the Corporate Governance Committees. The Global Corporate Governance Oversight Committee conducts a review, at least annually, of the proxy voting process to ensure compliance with BlackRock's risk policies and procedures.
- BlackRock maintains a reporting structure that separates the Global Head and Corporate Governance Group from employees with sales responsibilities. In addition, BlackRock maintains procedures intended to ensure that all engagements with corporate issuers or dissident shareholders are managed consistently and without regard to BlackRock's relationship with the issuer of the proxy or dissident shareholder. Within the normal course of business, the Global Head or Corporate Governance Group may engage directly with BlackRock clients, and with employees with sales responsibilities, in discussions regarding general corporate governance policy matters, and to otherwise ensure that proxy-related client service levels are met. The Global Head or Corporate Governance Group does not discuss any specific voting matter with a client prior to the disclosure of the vote decision to all applicable clients after the shareholder meeting has taken place, except if the client is acting in the capacity as issuer of the proxy or dissident shareholder and is engaging through the established procedures independent of the client relationship.
- In certain instances, BlackRock may determine to engage an independent fiduciary to vote proxies as a further safeguard to avoid potential conflicts of interest or as otherwise required by applicable law. The independent fiduciary may either vote such proxies or provide BlackRock with instructions as to how to vote such proxies. In the latter case, BlackRock votes the proxy in accordance with the independent fiduciary's determination. Use of an independent fiduciary has been

adopted for voting the proxies related to any company that is affiliated with BlackRock or any company that includes BlackRock employees on its board of directors.

With regard to the relationship between securities lending and proxy voting, BlackRock's approach is driven by our clients' economic interests. The evaluation of the economic desirability of recalling loans involves balancing the revenue producing value of loans against the likely economic value of casting votes. Based on our evaluation of this relationship, we believe that generally the likely economic value of casting most votes is less than the securities lending income, either because the votes will not have significant economic consequences or because the outcome of the vote would not be affected by BlackRock recalling loaned securities in order to ensure they are voted. Periodically, BlackRock analyzes the process and benefits of voting proxies for securities on loan, and will consider whether any modification of its proxy voting policies or procedures is necessary in light of future conditions. In addition, BlackRock may in its discretion determine that the value of voting outweighs the cost of recalling shares, and thus recall shares to vote in that instance.

### **Voting guidelines**

The issue-specific voting Guidelines published for each region/country in which we vote are intended to summarize BlackRock's general philosophy and approach to issues that may commonly arise in the proxy voting context in each market where we invest. These Guidelines are not intended to be exhaustive. BlackRock applies the Guidelines on a case-by-case basis, in the context of the individual circumstances of each company and the specific issue under review.

As such, these Guidelines do not provide a guide to how BlackRock will vote in every instance. Rather, they share our view about corporate governance issues generally, and provide insight into how we typically approach issues that commonly arise on corporate ballots.

### **Reporting**

We report our proxy voting activity directly to clients and publicly as required. In addition, we publish for clients a more detailed discussion of our corporate governance activities, including engagement with companies and with other relevant parties.

# Appendix B - Regular Holidays and Redemptions

**Regular Holidays.** For every occurrence of one or more intervening holidays in the applicable non-U.S. market that are not holidays observed in the U.S. equity market, the redemption settlement cycle may be extended by the number of such intervening holidays. In addition to holidays, other unforeseeable closings in a non-U.S. market due to emergencies and delivery cycles for transferring securities to redeeming investors may also prevent the Trust from delivering securities within the normal settlement period.

The securities delivery cycles currently practicable for transferring portfolio securities to redeeming investors, coupled with non-U.S. market holiday schedules, will require a delivery process longer than seven calendar days, in certain circumstances. The holidays applicable to each Fund during such periods are listed below, as are instances where more than seven days will be needed to deliver redemption proceeds. Although certain holidays may occur on different dates in subsequent years, the number of days required to deliver redemption proceeds in any given year is not expected to exceed the maximum number of days listed below for each Fund. The proclamation of new holidays, the treatment by market participants of certain days as “informal holidays” (e.g., days on which no or limited securities transactions occur, as a result of substantially shortened trading hours), the elimination of existing holidays, or changes in local securities delivery practices, could affect the information set forth herein in the future.

In calendar years 2016 and 2017 (the only years for which holidays are known at the time of filing of this SAI), the dates of regular holidays affecting the relevant securities markets in which a Fund invests are as follows (please note that these holiday schedules are subject to potential changes in the relevant securities markets):

## 2016

### Angola

|            |          |
|------------|----------|
| January 1  | March 8  |
| January 25 | March 25 |
| February 4 | April 4  |
| February 9 |          |

### Austria

|           |           |             |             |
|-----------|-----------|-------------|-------------|
| January 1 | May 5     | October 26  | December 30 |
| January 6 | May 16    | November 1  |             |
| March 25  | May 26    | December 8  |             |
| March 28  | August 15 | December 26 |             |

### Argentina

|            |          |             |             |
|------------|----------|-------------|-------------|
| January 1  | March 25 | August 15   | December 9  |
| February 8 | May 25   | October 10  | December 30 |
| February 9 | June 20  | November 28 |             |
| March 24   | July 8   | December 8  |             |

### Azerbaijan

|            |          |          |
|------------|----------|----------|
| January 1  | March 8  | March 23 |
| January 2  | March 20 | March 24 |
| January 4  | March 21 | March 25 |
| January 20 | March 22 |          |

### Australia

|            |          |              |             |
|------------|----------|--------------|-------------|
| January 1  | March 29 | June 14      | November 1  |
| January 26 | April 12 | August 1     | November 2  |
| March 7    | April 25 | August 10    | December 23 |
| March 8    | May 2    | August 17    | December 26 |
| March 14   | May 16   | September 26 | December 27 |
| March 25   | June 6   | September 30 | December 28 |
| March 28   | June 13  | October 3    | December 30 |

### Bahamas

|           |         |             |             |
|-----------|---------|-------------|-------------|
| January 1 | May 16  | August 1    | December 27 |
| March 25  | June 3  | October 14  |             |
| March 28  | July 11 | December 26 |             |

**Bahrain**

|              |              |             |             |
|--------------|--------------|-------------|-------------|
| May 1        | September 12 | October 10  | December 12 |
| July 6       | September 13 | October 11  | December 18 |
| July 7       | September 14 | October 12  |             |
| September 11 | October 2    | December 11 |             |

The Bahraini market is closed every Friday.

**Bangladesh**

|             |           |              |             |
|-------------|-----------|--------------|-------------|
| February 21 | July 3    | August 25    | October 12  |
| March 17    | July 5    | September 11 | November 7  |
| March 26    | July 6    | September 12 | December 12 |
| April 14    | July 7    | September 13 | December 13 |
| May 1       | August 15 | September 14 | December 25 |
| May 23      | August 24 | October 11   |             |

The Bangladeshi market is closed every Friday.

**Belgium**

|           |         |              |             |
|-----------|---------|--------------|-------------|
| January 1 | May 6   | August 15    | December 26 |
| March 25  | May 16  | September 27 |             |
| March 28  | July 11 | November 1   |             |
| May 5     | July 21 | November 11  |             |

**Bermuda**

|           |         |             |             |
|-----------|---------|-------------|-------------|
| January 1 | June 13 | July 29     | December 26 |
| March 25  | June 20 | September 5 | December 27 |
| May 24    | July 28 | November 11 |             |

**Botswana**

|           |          |              |             |
|-----------|----------|--------------|-------------|
| January 1 | March 28 | July 18      | December 26 |
| January 2 | May 2    | July 19      | December 27 |
| March 25  | May 5    | September 30 |             |
| March 26  | July 1   | October 1    |             |

**Brazil**

|            |             |             |             |
|------------|-------------|-------------|-------------|
| January 1  | February 9  | May 26      | November 15 |
| January 20 | February 10 | September 7 | December 30 |
| January 25 | March 25    | October 12  |             |
| February 8 | April 21    | November 2  |             |

**Canada**

|             |          |             |             |
|-------------|----------|-------------|-------------|
| January 1   | March 25 | August 1    | December 26 |
| January 4   | May 23   | September 5 | December 27 |
| February 8  | June 24  | October 10  |             |
| February 15 | July 1   | November 11 |             |

**The Cayman Islands**

|             |          |             |             |
|-------------|----------|-------------|-------------|
| January 1   | March 28 | November 14 | December 30 |
| January 25  | May 16   | December 23 |             |
| February 10 | June 13  | December 26 |             |
| March 25    | July 4   | December 27 |             |

**Chile**

|           |              |              |             |
|-----------|--------------|--------------|-------------|
| January 1 | June 27      | September 19 | December 8  |
| March 24  | August 15    | October 10   | December 23 |
| March 25  | September 16 | October 31   | December 30 |
| May 23    | September 18 | November 1   |             |

**China**

|             |             |              |             |
|-------------|-------------|--------------|-------------|
| January 1   | February 16 | June 9       | October 5   |
| January 18  | April 4     | June 10      | October 6   |
| February 8  | May 2       | July 4       | October 7   |
| February 9  | May 3       | September 5  | October 10  |
| February 10 | May 4       | September 15 | November 11 |
| February 11 | May 5       | September 16 | November 24 |
| February 12 | May 6       | October 3    | December 26 |
| February 15 | May 30      | October 4    |             |

**Colombia**

|            |          |            |             |
|------------|----------|------------|-------------|
| January 1  | March 25 | July 4     | November 7  |
| January 11 | May 9    | July 20    | November 14 |
| March 21   | May 30   | August 15  | December 8  |
| March 24   | June 6   | October 17 | December 30 |

**Costa Rica**

|           |              |             |             |
|-----------|--------------|-------------|-------------|
| January 1 | July 25      | October 17  | December 29 |
| March 24  | August 2     | December 26 | December 30 |
| March 25  | August 15    | December 27 |             |
| April 11  | September 15 | December 28 |             |

## Cote d'Ivoire

---

January 1  
March 28

## El Salvador

---

January 1    March 25  
March 24    March 26

## Croatia

---

January 1    March 28    August 5    December 26  
January 6    May 26    August 15  
March 25    June 22    November 1

## Estonia

---

January 1    March 25    June 22    December 23  
February 23    March 28    June 23    December 26  
February 24    May 5    June 24

## Cyprus

---

January 1    March 28    May 3    December 26  
January 6    April 1    June 20  
March 14    April 29    August 15  
March 25    May 2    October 28

## Finland

---

January 1    March 25    June 24  
January 6    March 28    December 6  
March 24    May 5    December 26

## The Czech Republic

---

January 1    July 5    October 28    December 30  
March 25    July 6    November 17  
March 28    September 28    December 26

## France

---

January 1    May 16    July 15    November 11  
March 25    May 20    August 15    December 26  
March 28    May 31    October 31  
May 5    July 14    November 1

## Denmark

---

January 1    March 28    May 6  
March 24    April 22    May 16  
March 25    May 5    December 26

## Gabon

---

January 1  
March 28  
April 17

## The Dominican Republic

---

January 1    January 25    May 16  
January 4    March 25    May 26  
January 21    May 2    August 16

## Germany

---

January 1    March 28    August 15    December 30  
January 6    May 5    October 3  
February 8    May 16    November 1  
March 25    May 26    December 26

## Ecuador

---

January 1    March 25    November 2    December 30  
February 8    May 27    November 3  
February 9    August 12    December 6

## Ghana

---

January 1    May 2    July 7    December 26  
March 7    May 25    September 12    December 27  
March 25    July 1    September 21  
March 28    July 6    December 2

## Egypt

---

January 7    May 2    September 12    December 11  
January 25    July 6    September 13    December 12  
April 25    July 7    October 2  
May 1    September 11    October 6

The Egyptian market is closed every Friday.

## Greece

|            |          |            |             |
|------------|----------|------------|-------------|
| January 1  | March 25 | May 16     | December 26 |
| January 6  | March 28 | June 20    |             |
| February 8 | April 29 | August 15  |             |
| March 14   | May 2    | October 28 |             |

## Guernsey

|           |        |             |             |
|-----------|--------|-------------|-------------|
| January 1 | May 2  | August 29   | December 27 |
| March 25  | May 9  | December 23 | December 30 |
| March 28  | May 30 | December 26 |             |

## Hong Kong

|             |          |              |             |
|-------------|----------|--------------|-------------|
| January 1   | March 25 | June 9       | December 26 |
| February 8  | March 28 | July 1       | December 27 |
| February 9  | April 4  | September 16 |             |
| February 10 | May 2    | October 10   |             |

## Hungary

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 1 | March 25 | October 31  | December 30 |
| March 14  | March 28 | November 1  |             |
| March 15  | May 16   | November 26 |             |

## Iceland

|           |          |         |             |
|-----------|----------|---------|-------------|
| January 1 | March 25 | May 5   | August 1    |
| January 4 | March 28 | May 16  | December 26 |
| March 24  | April 21 | June 17 |             |

## India

|             |          |              |              |
|-------------|----------|--------------|--------------|
| January 1   | April 8  | July 7       | September 30 |
| January 26  | April 14 | August 15    | October 11   |
| February 19 | April 15 | August 17    | October 12   |
| March 7     | April 19 | August 19    | October 31   |
| March 23    | May 21   | August 22    | November 1   |
| March 24    | June 30  | September 5  | November 14  |
| March 25    | July 1   | September 12 | December 12  |
| April 1     | July 6   | September 13 | December 13  |

## Indonesia

|            |        |              |             |
|------------|--------|--------------|-------------|
| January 1  | May 5  | July 7       | October 3   |
| February 8 | May 6  | July 8       | December 12 |
| March 9    | July 4 | August 17    | December 26 |
| March 25   | July 5 | September 12 | December 30 |
| April 8    | July 6 | September 13 |             |

## Iraq

|           |          |         |
|-----------|----------|---------|
| January 1 | March 5  | April 9 |
| January 6 | March 21 |         |

## Ireland

|           |            |             |             |
|-----------|------------|-------------|-------------|
| January 1 | May 2      | December 23 | December 30 |
| March 17  | June 6     | December 26 |             |
| March 25  | August 1   | December 27 |             |
| March 28  | October 31 | December 28 |             |

## Israel

|          |           |            |             |
|----------|-----------|------------|-------------|
| March 24 | May 11    | October 4  | October 20  |
| April 24 | May 12    | October 11 | October 23  |
| April 25 | May 13    | October 12 | October 24  |
| April 26 | June 12   | October 16 | December 25 |
| April 27 | August 14 | October 17 |             |
| April 28 | October 2 | October 18 |             |
| April 29 | October 3 | October 19 |             |

The Israeli market is closed every Friday.

## Italy

|           |          |            |             |
|-----------|----------|------------|-------------|
| January 1 | March 28 | June 29    | December 8  |
| January 6 | April 25 | August 15  | December 26 |
| March 25  | June 2   | November 1 |             |

## Jamaica

|             |          |             |
|-------------|----------|-------------|
| January 1   | March 28 | October 17  |
| February 10 | May 23   | December 26 |
| March 25    | August 1 | December 27 |

## Japan

|             |          |              |             |
|-------------|----------|--------------|-------------|
| January 1   | April 29 | July 18      | October 10  |
| January 11  | May 3    | August 11    | November 3  |
| February 11 | May 4    | September 19 | November 23 |
| March 21    | May 5    | September 22 | December 23 |

## Jordan

|        |              |              |             |
|--------|--------------|--------------|-------------|
| May 1  | July 6       | September 13 | December 11 |
| May 5  | July 7       | September 14 | December 12 |
| May 25 | July 10      | September 15 | December 25 |
| July 4 | September 11 | October 2    | December 29 |
| July 5 | September 12 | November 14  |             |

The Jordanian market is closed every Friday.

#### Kazakhstan

|           |          |              |             |
|-----------|----------|--------------|-------------|
| January 1 | March 22 | July 6       | December 16 |
| January 4 | March 23 | August 30    | December 19 |
| January 7 | May 2    | September 12 |             |
| March 8   | May 9    | September 13 |             |
| March 21  | May 10   | December 1   |             |

#### Kenya

|           |            |             |
|-----------|------------|-------------|
| January 1 | June 1     | October 20  |
| March 25  | July 6     | December 12 |
| March 28  | July 7     | December 26 |
| May 2     | October 10 | December 27 |

#### Kuwait

|             |              |              |             |
|-------------|--------------|--------------|-------------|
| January 3   | July 6       | September 13 | December 15 |
| February 25 | July 7       | September 14 | December 29 |
| February 28 | September 8  | October 2    |             |
| May 5       | September 11 | October 6    |             |
| July 5      | September 12 | December 12  |             |

The Kuwaiti market is closed every Friday.

#### Latvia

|           |       |             |             |
|-----------|-------|-------------|-------------|
| January 1 | May 2 | June 23     | December 26 |
| March 25  | May 4 | June 24     |             |
| March 28  | May 5 | November 18 |             |

#### Lebanon

|            |          |              |             |
|------------|----------|--------------|-------------|
| January 1  | April 29 | July 8       | October 11  |
| January 6  | May 2    | August 15    | November 12 |
| February 9 | May 25   | September 12 | November 22 |
| March 25   | July 6   | September 13 | December 12 |
| March 28   | July 7   | October 2    |             |

#### Lithuania

|             |          |           |             |
|-------------|----------|-----------|-------------|
| January 1   | March 25 | May 5     | October 31  |
| February 15 | March 28 | June 24   | November 1  |
| February 16 | March 29 | July 6    | December 26 |
| March 11    | May 2    | August 15 | December 27 |

#### Luxembourg

|           |         |             |
|-----------|---------|-------------|
| January 1 | May 5   | August 15   |
| March 25  | May 16  | November 1  |
| March 28  | June 23 | December 26 |

#### Malaysia

|            |         |              |             |
|------------|---------|--------------|-------------|
| January 1  | May 23  | July 7       | October 31  |
| January 25 | May 30  | July 8       | December 12 |
| February 1 | May 31  | August 31    | December 26 |
| February 8 | June 4  | September 12 |             |
| February 9 | June 22 | September 16 |             |
| May 2      | July 6  | October 3    |             |

#### Malta

|             |           |              |             |
|-------------|-----------|--------------|-------------|
| January 1   | March 31  | September 8  | December 26 |
| February 10 | June 7    | September 21 |             |
| March 25    | June 29   | December 8   |             |
| March 28    | August 15 | December 13  |             |

#### Mauritius

|            |         |             |            |
|------------|---------|-------------|------------|
| January 1  | March 7 | August 15   | October 31 |
| February 1 | April 8 | September 5 | November 2 |
| February 8 | July 6  | September 6 |            |

#### Mexico

|            |          |              |             |
|------------|----------|--------------|-------------|
| January 1  | March 21 | September 16 | December 12 |
| February 1 | March 24 | November 2   |             |
| February 5 | March 25 | November 21  |             |

#### Mongolia

|            |             |
|------------|-------------|
| January 1  | February 10 |
| February 8 | February 11 |
| February 9 | March 8     |

#### Morocco

|            |              |              |             |
|------------|--------------|--------------|-------------|
| January 1  | July 7       | September 14 | December 12 |
| January 11 | September 12 | October 3    | December 13 |
| July 6     | September 13 | November 18  |             |

#### Namibia

|           |          |           |             |
|-----------|----------|-----------|-------------|
| January 1 | April 27 | May 25    | December 16 |
| March 21  | May 2    | June 16   | December 26 |
| March 25  | May 4    | August 9  |             |
| March 28  | May 5    | August 26 |             |

#### The Netherlands

|           |          |        |             |
|-----------|----------|--------|-------------|
| January 1 | March 28 | May 5  | May 16      |
| March 25  | April 27 | May 12 | December 26 |

#### The Netherlands Antilles

|            |          |            |             |
|------------|----------|------------|-------------|
| January 1  | March 25 | May 5      | December 26 |
| February 8 | March 28 | October 21 |             |

#### New Zealand

|            |            |             |             |
|------------|------------|-------------|-------------|
| January 1  | February 8 | April 25    | December 26 |
| January 4  | March 24   | June 6      | December 27 |
| January 25 | March 25   | October 24  | December 30 |
| February 1 | March 28   | December 23 |             |

#### Nigeria

|           |              |              |             |
|-----------|--------------|--------------|-------------|
| January 1 | May 30       | September 13 | December 27 |
| March 25  | July 6       | October 3    |             |
| March 28  | July 7       | December 12  |             |
| May 2     | September 12 | December 26  |             |

#### Norway

|           |          |             |  |
|-----------|----------|-------------|--|
| January 1 | March 25 | May 16      |  |
| March 23  | March 28 | May 17      |  |
| March 24  | May 5    | December 26 |  |

#### Oman

|        |              |              |             |
|--------|--------------|--------------|-------------|
| May 5  | July 9       | September 13 | December 12 |
| May 7  | July 10      | September 14 |             |
| July 6 | September 11 | October 2    |             |
| July 7 | September 12 | November 19  |             |

The Omani market is closed every Friday.

#### Pakistan

|            |              |              |             |
|------------|--------------|--------------|-------------|
| January 1  | July 1       | September 13 | October 12  |
| February 5 | July 6       | September 14 | November 9  |
| March 23   | July 7       | September 15 | December 12 |
| June 6     | July 8       | September 16 | December 13 |
| June 7     | July 9       | October 10   |             |
| June 24    | September 12 | October 11   |             |

#### Panama

|             |           |             |             |
|-------------|-----------|-------------|-------------|
| January 1   | March 24  | November 3  | December 8  |
| February 8  | March 25  | November 4  | December 26 |
| February 9  | May 2     | November 10 |             |
| February 10 | August 15 | November 28 |             |

#### Papua

|           |          |              |             |
|-----------|----------|--------------|-------------|
| January 1 | March 28 | June 13      | December 26 |
| March 25  | April 25 | September 16 | December 27 |

#### Paraguay

|           |          |  |  |
|-----------|----------|--|--|
| January 1 | March 24 |  |  |
| March 1   | March 25 |  |  |
| March 23  |          |  |  |

#### Peru

|           |         |            |  |
|-----------|---------|------------|--|
| January 1 | June 29 | August 30  |  |
| March 24  | July 28 | November 1 |  |
| March 25  | July 29 | December 8 |  |

#### The Philippines

|             |          |              |             |
|-------------|----------|--------------|-------------|
| January 1   | March 25 | August 26    | November 1  |
| February 8  | May 9    | August 29    | November 2  |
| February 25 | July 6   | September 12 | November 30 |
| March 24    | July 7   | October 31   | December 30 |

## Poland

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 1 | March 28 | August 15   | December 26 |
| January 6 | May 3    | November 1  |             |
| March 25  | May 26   | November 11 |             |

## Portugal

|            |          |            |             |
|------------|----------|------------|-------------|
| January 1  | April 25 | August 15  | December 8  |
| February 9 | May 26   | October 5  | December 26 |
| March 25   | June 10  | November 1 |             |
| March 28   | June 13  | December 1 |             |

## Qatar

|            |         |              |              |
|------------|---------|--------------|--------------|
| February 9 | July 8  | September 11 | September 15 |
| March 6    | July 9  | September 12 | December 18  |
| July 6     | July 10 | September 13 |              |
| July 7     | July 11 | September 14 |              |

The Qatari market is closed every Friday.

## Romania

|           |           |             |             |
|-----------|-----------|-------------|-------------|
| January 1 | June 20   | November 30 | December 26 |
| May 2     | August 15 | December 1  |             |

## Russia

|           |             |         |            |
|-----------|-------------|---------|------------|
| January 1 | January 7   | March 7 | May 9      |
| January 4 | January 8   | March 8 | May 10     |
| January 5 | February 22 | May 2   | June 13    |
| January 6 | February 23 | May 3   | November 4 |

## Saudi Arabia

|        |              |              |              |
|--------|--------------|--------------|--------------|
| July 4 | July 9       | September 11 | September 15 |
| July 5 | July 10      | September 12 | September 24 |
| July 6 | July 11      | September 13 |              |
| July 7 | September 10 | September 14 |              |

The Saudi Arabian market is closed every Friday.

## Serbia

|           |             |          |             |
|-----------|-------------|----------|-------------|
| January 1 | February 15 | April 29 | May 3       |
| January 7 | February 16 | May 2    | November 11 |

## Singapore

|            |        |              |             |
|------------|--------|--------------|-------------|
| January 1  | May 2  | July 7       | October 29  |
| February 8 | May 21 | August 9     | October 31  |
| February 9 | May 23 | September 12 | December 26 |
| March 25   | July 6 | September 13 |             |

## The Slovak Republic

|           |              |             |             |
|-----------|--------------|-------------|-------------|
| January 1 | July 5       | November 1  | December 28 |
| January 6 | August 29    | November 17 | December 29 |
| March 25  | September 1  | December 26 | December 30 |
| March 28  | September 15 | December 27 |             |

## Slovenia

|            |          |            |             |
|------------|----------|------------|-------------|
| January 1  | March 28 | August 15  | December 26 |
| February 8 | April 27 | October 31 |             |
| March 25   | May 2    | November 1 |             |

## South Africa

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 1 | April 27 | December 16 | December 30 |
| March 21  | May 2    | December 23 |             |
| March 25  | June 16  | December 26 |             |
| March 28  | August 9 | December 27 |             |

## South Korea

|             |          |              |             |
|-------------|----------|--------------|-------------|
| January 1   | March 1  | June 6       | October 3   |
| January 4   | April 5  | August 15    | November 10 |
| February 8  | April 13 | September 14 | December 30 |
| February 9  | April 14 | September 15 |             |
| February 10 | May 5    | September 16 |             |

## Spain

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 1 | April 8  | July 25     | November 1  |
| January 6 | April 12 | August 15   | November 9  |
| March 24  | May 2    | August 16   | December 6  |
| March 25  | May 3    | September 9 | December 8  |
| March 28  | May 26   | October 12  | December 26 |

## Sri Lanka

|             |          |              |             |
|-------------|----------|--------------|-------------|
| January 1   | March 25 | July 6       | November 14 |
| January 15  | April 13 | July 19      | December 12 |
| February 4  | April 14 | August 17    | December 13 |
| February 22 | April 21 | September 12 | December 26 |
| March 7     | May 2    | September 16 |             |
| March 22    | May 23   | October 31   |             |

## Sweden

|           |          |         |             |
|-----------|----------|---------|-------------|
| January 1 | March 25 | May 13  | November 4  |
| January 5 | March 28 | June 6  | December 23 |
| January 6 | May 4    | June 23 | December 26 |
| March 24  | May 5    | June 24 | December 30 |

## Switzerland

|           |         |             |             |
|-----------|---------|-------------|-------------|
| January 1 | May 5   | August 1    | December 8  |
| January 6 | May 16  | August 15   | December 26 |
| March 25  | May 26  | September 8 |             |
| March 28  | June 29 | November 1  |             |

## Taiwan

|            |             |              |              |
|------------|-------------|--------------|--------------|
| January 1  | February 10 | April 5      | September 16 |
| February 4 | February 11 | May 2        | October 3    |
| February 5 | February 12 | June 9       | October 4    |
| February 8 | February 29 | June 10      | October 5    |
| February 9 | April 4     | September 15 | October 10   |

## Thailand

|             |          |           |             |
|-------------|----------|-----------|-------------|
| January 1   | April 15 | May 23    | October 24  |
| February 22 | May 2    | July 1    | December 5  |
| April 6     | May 5    | July 18   | December 12 |
| April 13    | May 6    | July 19   |             |
| April 14    | May 20   | August 12 |             |

## Trinidad and Tobago

|            |          |           |             |
|------------|----------|-----------|-------------|
| January 1  | March 28 | June 20   | October 31  |
| February 8 | March 30 | July 6    | December 26 |
| February 9 | May 26   | August 1  | December 27 |
| March 25   | May 30   | August 31 |             |

## Tunisia

|            |         |              |             |
|------------|---------|--------------|-------------|
| January 1  | July 5  | August 19    | November 7  |
| January 14 | July 6  | September 12 | November 15 |
| February 4 | July 7  | September 13 | December 12 |
| March 21   | July 25 | October 26   |             |

## Turkey

|           |           |              |            |
|-----------|-----------|--------------|------------|
| January 1 | July 5    | September 12 | October 28 |
| April 23  | July 6    | September 13 | October 29 |
| May 1     | July 7    | September 14 |            |
| May 19    | July 8    | September 15 |            |
| July 4    | August 30 | September 16 |            |

## Ukraine

|           |           |         |            |
|-----------|-----------|---------|------------|
| January 1 | January 8 | May 3   | June 28    |
| January 4 | March 7   | May 9   | August 24  |
| January 6 | March 8   | June 20 | October 14 |
| January 7 | May 2     | June 27 |            |

## The United Arab Emirates

|           |              |              |             |
|-----------|--------------|--------------|-------------|
| January 2 | July 7       | September 13 | December 4  |
| May 4     | August 6     | September 14 | December 11 |
| May 5     | September 10 | October 2    | December 12 |
| July 5    | September 11 | November 30  |             |
| July 6    | September 12 | December 3   |             |

The United Arab Emirates market is closed every Friday.

## The United Kingdom

|           |           |             |             |
|-----------|-----------|-------------|-------------|
| January 1 | May 2     | December 23 | December 30 |
| March 25  | May 30    | December 26 |             |
| March 28  | August 29 | December 27 |             |

## The United States Bond Market

|             |             |              |              |
|-------------|-------------|--------------|--------------|
| January 1   | May 29*     | November 11  | December 26  |
| January 18  | May 30      | November 24  | December 31* |
| February 15 | July 4      | November 25* |              |
| March 24*   | September 5 | December 24* |              |
| March 25    | October 10  | December 25  |              |

\* The U.S. bond market has recommended early close.

## Uruguay

|            |            |          |            |
|------------|------------|----------|------------|
| January 1  | February 9 | April 18 | August 25  |
| January 6  | March 24   | May 16   | October 10 |
| February 8 | March 25   | July 18  | November 2 |

## Venezuela

|            |          |            |             |
|------------|----------|------------|-------------|
| January 1  | April 19 | June 27    | October 31  |
| January 11 | May 5    | June 29    | November 7  |
| February 8 | May 9    | July 4     | December 8  |
| February 9 | May 26   | July 5     | December 12 |
| March 24   | May 30   | August 15  |             |
| March 25   | June 24  | October 12 |             |

## Vietnam

|            |             |          |             |
|------------|-------------|----------|-------------|
| January 1  | February 10 | April 18 | September 2 |
| February 8 | February 11 | May 2    |             |
| February 9 | February 12 | May 3    |             |

## Zambia

|           |        |            |             |
|-----------|--------|------------|-------------|
| January 1 | May 2  | July 5     | December 26 |
| March 8   | May 5  | August 1   |             |
| March 25  | May 25 | October 18 |             |
| March 28  | July 4 | October 24 |             |

## Zimbabwe

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 1 | April 18 | August 8    | December 26 |
| March 25  | May 2    | August 9    |             |
| March 28  | May 25   | December 22 |             |

2017

## Albania

|           |             |             |
|-----------|-------------|-------------|
| January 2 | May 1       | November 28 |
| March 14  | June 26     | November 29 |
| March 22  | September 1 | December 8  |
| April 17  | October 19  | December 25 |

## Argentina

|             |           |             |
|-------------|-----------|-------------|
| February 27 | May 1     | November 6  |
| February 28 | May 25    | November 27 |
| March 24    | June 20   | December 8  |
| April 13    | August 21 | December 25 |
| April 14    | October 9 |             |

## Australia

|            |              |              |
|------------|--------------|--------------|
| January 2  | April 25     | September 29 |
| January 26 | May 1        | October 2    |
| March 6    | June 5       | November 7   |
| March 13   | June 12      | December 25  |
| April 14   | August 7     | December 26  |
| April 17   | August 8     |              |
| April 18   | September 25 |              |

## Austria

|           |           |             |             |
|-----------|-----------|-------------|-------------|
| January 6 | May 25    | October 26  | December 26 |
| April 14  | June 5    | November 1  |             |
| April 17  | June 15   | December 8  |             |
| May 1     | August 15 | December 25 |             |

**Bahrain**

|           |              |             |
|-----------|--------------|-------------|
| January 1 | June 27      | December 17 |
| May 1     | September 3  |             |
| June 25   | September 21 |             |
| June 26   | November 30  |             |

The Bahraini market is closed every Friday.

**Bangladesh**

|             |             |             |
|-------------|-------------|-------------|
| February 21 | June 27     | December 31 |
| March 26    | August 14   |             |
| May 1       | August 15   |             |
| May 10      | September 3 |             |
| June 25     | October 1   |             |
| June 26     | December 25 |             |

The Bangladeshi market is closed every Friday.

**Belgium**

|          |             |             |
|----------|-------------|-------------|
| April 14 | May 1       | December 26 |
| April 17 | December 25 |             |

**Benin**

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 26     | November 15 |
| May 1    | August 7    | December 1  |
| May 25   | August 15   | December 25 |
| June 5   | September 1 |             |
| June 21  | November 1  |             |

**Bermuda**

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 2 | June 19  | September 4 | December 26 |
| April 14  | August 3 | November 13 |             |
| May 24    | August 4 | December 25 |             |

**Bosnia and Herzegovina**

|           |          |             |
|-----------|----------|-------------|
| January 2 | April 17 | June 26     |
| January 6 | May 1    | September 1 |
| March 1   | May 2    |             |

**Botswana**

|           |         |             |
|-----------|---------|-------------|
| January 2 | May 1   | October 2   |
| January 3 | May 25  | December 25 |
| April 14  | July 17 | December 26 |
| April 17  | July 18 |             |

**Brazil**

|             |          |             |             |
|-------------|----------|-------------|-------------|
| January 25  | April 14 | September 7 | November 20 |
| February 27 | April 21 | October 12  | December 25 |
| February 28 | May 1    | November 2  |             |
| March 1     | June 15  | November 15 |             |

**Bulgaria**

|           |              |             |
|-----------|--------------|-------------|
| January 2 | May 1        | December 25 |
| March 3   | May 24       | December 26 |
| April 14  | September 6  |             |
| April 17  | September 22 |             |

**Burkina Faso**

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 26     | November 15 |
| May 1    | August 7    | December 1  |
| May 25   | August 15   | December 25 |
| June 5   | September 1 |             |
| June 21  | November 1  |             |

**Canada**

|             |             |             |
|-------------|-------------|-------------|
| January 2   | May 22      | October 9   |
| January 3   | June 26     | November 13 |
| February 13 | July 3      | December 25 |
| February 20 | August 7    | December 26 |
| April 14    | September 4 |             |

**Chile**

|           |              |             |
|-----------|--------------|-------------|
| January 2 | August 15    | October 27  |
| April 14  | September 18 | November 1  |
| May 1     | September 19 | December 8  |
| June 26   | October 9    | December 25 |

## China

|            |           |           |
|------------|-----------|-----------|
| January 2  | April 3   | October 3 |
| January 27 | April 4   | October 4 |
| January 30 | May 1     | October 5 |
| January 31 | May 29    | October 6 |
| February 1 | May 30    |           |
| February 2 | October 2 |           |

## Colombia

|           |           |             |
|-----------|-----------|-------------|
| January 9 | June 19   | October 16  |
| March 20  | June 26   | November 6  |
| April 13  | July 3    | November 13 |
| April 14  | July 20   | December 8  |
| May 1     | August 7  | December 25 |
| May 29    | August 21 |             |

## Costa Rica

|          |              |             |
|----------|--------------|-------------|
| April 11 | July 25      | October 16  |
| April 13 | August 2     | December 25 |
| April 14 | August 15    |             |
| May 1    | September 15 |             |

## Croatia

|           |         |             |             |
|-----------|---------|-------------|-------------|
| January 6 | May 1   | August 15   | December 26 |
| April 14  | June 15 | November 1  |             |
| April 17  | June 22 | December 25 |             |

## Cyprus

|             |           |             |
|-------------|-----------|-------------|
| January 6   | April 18  | December 25 |
| February 27 | May 1     | December 26 |
| April 14    | June 5    |             |
| April 17    | August 15 |             |

## The Czech Republic

|          |        |              |             |
|----------|--------|--------------|-------------|
| April 14 | May 8  | September 28 | December 26 |
| April 17 | July 5 | November 17  |             |
| May 1    | July 6 | December 25  |             |

## Denmark

|          |        |             |
|----------|--------|-------------|
| April 13 | May 12 | June 5      |
| April 14 | May 25 | December 25 |
| April 17 | May 26 | December 26 |

## Egypt

|            |          |              |
|------------|----------|--------------|
| January 1  | April 25 | July 23      |
| January 25 | May 1    | August 31    |
| April 16   | June 25  | September 21 |
| April 17   | June 26  | November 30  |

The Egyptian market is closed every Friday.

## Estonia

|             |          |             |             |
|-------------|----------|-------------|-------------|
| February 23 | April 17 | June 22     | December 26 |
| February 24 | May 1    | June 23     |             |
| April 14    | May 25   | December 25 |             |

## Finland

|           |          |             |
|-----------|----------|-------------|
| January 6 | April 17 | December 6  |
| April 13  | May 1    | December 25 |
| April 14  | May 25   | December 26 |

## France

|          |             |             |
|----------|-------------|-------------|
| April 14 | May 1       | December 26 |
| April 17 | December 25 |             |

## Georgia

|            |          |             |
|------------|----------|-------------|
| January 2  | April 14 | May 26      |
| January 19 | April 17 | August 28   |
| March 3    | May 9    | November 23 |
| March 8    | May 12   |             |

## Germany

|          |            |             |
|----------|------------|-------------|
| April 14 | June 5     | December 25 |
| April 17 | October 3  | December 26 |
| May 1    | October 31 |             |

## Ghana

|           |          |              |              |
|-----------|----------|--------------|--------------|
| January 2 | April 17 | June 26      | September 21 |
| March 6   | May 1    | July 7       | December 25  |
| April 14  | May 25   | September 13 | December 26  |

## Greece

|             |             |             |
|-------------|-------------|-------------|
| January 6   | May 1       | December 26 |
| February 27 | June 5      |             |
| April 14    | August 15   |             |
| April 17    | December 25 |             |

## Guinea-Bissau

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 26     | November 15 |
| May 1    | August 7    | December 1  |
| May 25   | August 15   | December 25 |
| June 5   | September 1 |             |
| June 21  | November 1  |             |

## Hong Kong

|            |          |           |             |
|------------|----------|-----------|-------------|
| January 2  | April 4  | May 3     | December 25 |
| January 27 | April 14 | May 30    | December 26 |
| January 30 | April 17 | October 2 |             |
| January 31 | May 1    | October 5 |             |

## Hungary

|          |            |             |
|----------|------------|-------------|
| March 15 | May 1      | November 1  |
| April 14 | June 5     | December 25 |
| April 17 | October 23 | December 26 |

## Iceland

|          |          |             |             |
|----------|----------|-------------|-------------|
| April 13 | April 20 | June 5      | December 26 |
| April 14 | May 1    | August 7    |             |
| April 17 | May 25   | December 25 |             |

## India

|             |            |             |
|-------------|------------|-------------|
| January 26  | June 26    | December 25 |
| February 24 | August 15  |             |
| March 13    | August 17  |             |
| March 28    | August 25  |             |
| April 4     | October 2  |             |
| April 14    | October 19 |             |
| May 1       | October 20 |             |
| May 10      | December 1 |             |

## Indonesia

|           |           |              |
|-----------|-----------|--------------|
| January 2 | June 1    | September 1  |
| March 28  | June 26   | September 21 |
| April 14  | June 27   | December 1   |
| April 24  | June 28   | December 25  |
| May 1     | June 29   | December 26  |
| May 11    | June 30   |              |
| May 25    | August 17 |              |

## Ireland

|           |            |             |
|-----------|------------|-------------|
| January 2 | May 1      | December 22 |
| March 17  | June 5     | December 25 |
| April 14  | August 7   | December 26 |
| April 17  | October 30 | December 29 |

## Israel

|          |              |            |
|----------|--------------|------------|
| March 12 | May 1        | October 4  |
| April 10 | May 2        | October 5  |
| April 11 | May 30       | October 8  |
| April 12 | May 31       | October 9  |
| April 13 | August 1     | October 10 |
| April 16 | September 20 | October 11 |
| April 17 | September 21 | October 12 |

The Israeli market is closed every Friday.

## Italy

|          |           |             |
|----------|-----------|-------------|
| April 14 | May 1     | December 25 |
| April 17 | August 15 | December 26 |

## Ivory Coast

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 26     | November 15 |
| May 1    | August 7    | December 1  |
| May 25   | August 15   | December 25 |
| June 5   | September 1 |             |
| June 21  | November 1  |             |

## Jamaica

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 2 | April 17 | August 7    | December 26 |
| March 1   | May 23   | October 16  |             |
| April 14  | August 1 | December 25 |             |

## Japan

|           |         |              |             |
|-----------|---------|--------------|-------------|
| January 2 | May 3   | August 11    | November 23 |
| January 3 | May 4   | September 18 |             |
| January 9 | May 5   | October 9    |             |
| March 20  | July 17 | November 3   |             |

## Jordan

|           |             |              |
|-----------|-------------|--------------|
| January 1 | June 27     | September 21 |
| May 1     | June 28     | November 30  |
| May 25    | August 31   | December 25  |
| June 25   | September 3 |              |
| June 26   | September 4 |              |

The Jordanian market is closed every Friday.

## Kazakhstan

|           |          |             |
|-----------|----------|-------------|
| January 2 | March 23 | August 30   |
| January 3 | May 1    | September 1 |
| March 8   | May 8    | December 1  |
| March 21  | May 9    | December 18 |
| March 22  | July 6   | December 19 |

## Kenya

|           |             |             |
|-----------|-------------|-------------|
| January 2 | June 1      | December 25 |
| April 14  | June 27     | December 26 |
| April 17  | October 20  |             |
| May 1     | December 12 |             |

## Kuwait

|             |         |              |
|-------------|---------|--------------|
| January 1   | June 25 | August 31    |
| February 26 | June 26 | September 3  |
| April 24    | June 27 | September 21 |

The Kuwaiti market is closed every Friday.

## Latvia

|          |             |             |
|----------|-------------|-------------|
| April 13 | May 5       | November 20 |
| April 14 | May 25      | December 25 |
| April 17 | June 22     | December 26 |
| May 1    | June 23     |             |
| May 4    | November 17 |             |

## Lebanon

|             |           |              |
|-------------|-----------|--------------|
| January 2   | April 25  | September 1  |
| January 6   | May 1     | September 21 |
| February 9  | May 25    | November 22  |
| February 14 | June 26   | December 1   |
| April 14    | June 27   | December 25  |
| April 17    | August 15 |              |

## Lithuania

|             |            |             |
|-------------|------------|-------------|
| February 16 | May 25     | December 25 |
| April 14    | July 6     | December 26 |
| April 17    | August 15  |             |
| May 1       | November 1 |             |

## Luxembourg

|          |             |             |
|----------|-------------|-------------|
| April 14 | May 1       | December 26 |
| April 17 | December 25 |             |

## Malawi

|            |          |         |             |
|------------|----------|---------|-------------|
| January 2  | April 14 | May 15  | December 25 |
| January 16 | April 17 | June 26 | December 26 |
| March 3    | May 1    | July 6  |             |

## Malaysia

|            |             |              |
|------------|-------------|--------------|
| January 2  | May 10      | September 21 |
| January 27 | June 12     | October 18   |
| January 30 | June 26     | December 1   |
| February 1 | June 27     | December 25  |
| February 9 | August 31   |              |
| May 1      | September 1 |              |

**Mali**

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 26     | November 15 |
| May 1    | August 7    | December 1  |
| May 25   | August 15   | December 25 |
| June 5   | September 1 |             |
| June 21  | November 1  |             |

**Mauritius**

|            |             |            |             |
|------------|-------------|------------|-------------|
| January 2  | February 24 | June 26    | November 2  |
| February 1 | March 29    | October 19 | December 25 |
| February 9 | May 1       | November 1 |             |

**Mexico**

|            |            |             |
|------------|------------|-------------|
| February 6 | April 14   | November 20 |
| March 20   | May 1      | December 12 |
| April 13   | November 2 | December 25 |

**Morocco**

|            |             |              |
|------------|-------------|--------------|
| January 11 | August 14   | September 22 |
| May 1      | August 21   | November 6   |
| June 26    | September 1 |              |

**Namibia**

|           |          |              |             |
|-----------|----------|--------------|-------------|
| January 2 | April 27 | June 16      | December 25 |
| March 21  | May 1    | August 9     | December 26 |
| April 14  | May 4    | September 25 | December 27 |
| April 17  | May 25   | December 11  |             |

**The Netherlands**

|          |             |             |
|----------|-------------|-------------|
| April 14 | May 1       | December 26 |
| April 17 | December 25 |             |

**New Zealand**

|            |            |             |
|------------|------------|-------------|
| January 2  | April 17   | December 25 |
| January 3  | April 25   | December 26 |
| February 6 | June 5     |             |
| April 14   | October 23 |             |

**Niger**

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 21     | November 15 |
| May 1    | June 26     | December 1  |
| May 25   | September 1 | December 25 |
| June 5   | November 1  |             |

**Nigeria**

|           |             |             |
|-----------|-------------|-------------|
| January 2 | May 29      | October 2   |
| April 14  | June 26     | December 1  |
| April 17  | June 27     | December 25 |
| May 1     | September 1 | December 26 |

**Norway**

|          |          |             |             |
|----------|----------|-------------|-------------|
| April 12 | April 17 | May 25      | December 26 |
| April 13 | May 1    | June 5      |             |
| April 14 | May 17   | December 25 |             |

**Oman**

|          |         |             |
|----------|---------|-------------|
| April 24 | July 23 | November 19 |
| June 26  |         |             |

The Omani market is closed every Friday.

**Pakistan**

|           |         |              |
|-----------|---------|--------------|
| January 2 | June 26 | August 14    |
| March 23  | June 27 | September 1  |
| May 1     | June 28 | September 29 |

**Panama**

|             |            |             |
|-------------|------------|-------------|
| January 2   | March 1    | November 10 |
| January 9   | April 14   | December 8  |
| February 27 | May 1      | December 25 |
| February 28 | November 3 |             |

## Peru

|          |           |             |
|----------|-----------|-------------|
| April 13 | June 29   | November 1  |
| April 14 | July 28   | December 8  |
| May 1    | August 30 | December 25 |

## The Philippines

|           |            |             |
|-----------|------------|-------------|
| January 2 | June 12    | November 1  |
| April 13  | August 21  | November 30 |
| April 14  | August 28  | December 25 |
| May 1     | October 31 |             |

## Poland

|           |         |             |             |
|-----------|---------|-------------|-------------|
| January 6 | May 1   | August 15   | December 26 |
| April 14  | May 3   | November 1  |             |
| April 17  | June 15 | December 25 |             |

## Portugal

|          |             |             |
|----------|-------------|-------------|
| April 14 | May 1       | December 26 |
| April 17 | December 25 |             |

## Puerto Rico

|             |             |             |
|-------------|-------------|-------------|
| January 2   | May 29      | October 9   |
| January 16  | July 3      | November 23 |
| February 20 | July 4      | November 24 |
| April 14    | September 4 | December 25 |

## Qatar

|             |         |             |
|-------------|---------|-------------|
| January 1   | June 25 | September 3 |
| February 14 | June 26 | December 18 |
| March 5     | June 27 |             |

The Qatari market is closed every Friday.

## Romania

|            |        |             |             |
|------------|--------|-------------|-------------|
| January 2  | May 1  | August 15   | December 25 |
| January 24 | June 1 | November 30 | December 26 |
| April 17   | June 5 | December 1  |             |

## Russia

|             |       |            |
|-------------|-------|------------|
| January 2   | May 1 | June 12    |
| February 23 | May 8 | November 6 |
| March 8     | May 9 |            |

## Saudi Arabia

|         |             |             |
|---------|-------------|-------------|
| June 26 | June 29     | September 5 |
| June 27 | September 3 |             |
| June 28 | September 4 |             |

The Saudi Arabian market is closed every Friday.

## Senegal

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 26     | November 15 |
| May 1    | August 7    | December 1  |
| May 25   | August 15   | December 25 |
| June 5   | September 1 |             |
| June 21  | November 1  |             |

## Serbia

|             |             |       |
|-------------|-------------|-------|
| January 2   | February 16 | May 1 |
| January 3   | April 14    | May 2 |
| February 15 | April 17    |       |

## Singapore

|            |             |             |
|------------|-------------|-------------|
| January 2  | May 10      | October 18  |
| January 30 | June 26     | December 25 |
| April 14   | August 9    |             |
| May 1      | September 1 |             |

## The Slovak Republic

|           |             |              |             |
|-----------|-------------|--------------|-------------|
| January 6 | May 8       | September 15 | December 26 |
| April 14  | July 5      | November 1   |             |
| April 17  | August 29   | November 17  |             |
| May 1     | September 1 | December 25  |             |

## Slovenia

|            |           |             |
|------------|-----------|-------------|
| January 2  | April 27  | October 31  |
| February 8 | May 1     | November 1  |
| April 14   | May 2     | December 25 |
| April 17   | August 15 | December 26 |

## South Africa

|           |          |              |
|-----------|----------|--------------|
| January 2 | April 27 | September 25 |
| March 21  | May 1    | December 25  |
| April 14  | June 16  | December 26  |
| April 17  | August 9 |              |

## South Korea

|            |           |             |
|------------|-----------|-------------|
| January 27 | June 6    | October 9   |
| January 30 | August 15 | December 20 |
| March 1    | October 3 | December 25 |
| May 1      | October 4 | December 29 |
| May 3      | October 5 |             |
| May 5      | October 6 |             |

## Spain

|          |             |             |
|----------|-------------|-------------|
| April 14 | May 1       | December 26 |
| April 17 | December 25 |             |

## Sri Lanka

|             |          |             |             |
|-------------|----------|-------------|-------------|
| January 12  | April 13 | June 26     | November 3  |
| January 20  | April 14 | August 7    | December 1  |
| February 10 | May 1    | September 1 | December 25 |
| February 17 | May 10   | September 5 |             |
| February 24 | May 11   | October 5   |             |
| April 10    | June 8   | October 18  |             |

## Srpska

|           |          |             |
|-----------|----------|-------------|
| January 2 | April 14 | May 2       |
| January 6 | April 17 | May 9       |
| January 9 | May 1    | November 21 |

## Swaziland

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 2 | April 19 | May 5       | December 26 |
| April 14  | April 25 | September 6 |             |
| April 17  | May 1    | December 25 |             |

## Sweden

|           |          |             |             |
|-----------|----------|-------------|-------------|
| January 5 | April 17 | June 6      | December 26 |
| January 6 | May 1    | June 23     |             |
| April 13  | May 24   | November 3  |             |
| April 14  | May 25   | December 25 |             |

## Switzerland

|           |             |             |
|-----------|-------------|-------------|
| January 2 | May 25      | December 26 |
| April 14  | June 5      |             |
| April 17  | August 1    |             |
| May 1     | December 25 |             |

## Taiwan

|            |             |           |            |
|------------|-------------|-----------|------------|
| January 2  | January 31  | April 4   | October 9  |
| January 25 | February 1  | May 1     | October 10 |
| January 26 | February 27 | May 29    |            |
| January 27 | February 28 | May 30    |            |
| January 30 | April 3     | October 4 |            |

## Tanzania

|            |          |             |             |
|------------|----------|-------------|-------------|
| January 12 | April 26 | July 27     | December 25 |
| April 7    | May 1    | August 8    | December 26 |
| April 14   | July 7   | September 1 |             |
| April 17   | July 26  | December 15 |             |

## Thailand

|             |          |             |
|-------------|----------|-------------|
| January 2   | April 14 | August 14   |
| January 3   | May 1    | October 23  |
| February 13 | May 5    | December 5  |
| April 6     | May 10   | December 11 |
| April 13    | July 10  |             |

## Togo

|          |             |             |
|----------|-------------|-------------|
| April 17 | June 26     | November 15 |
| May 1    | August 7    | December 1  |
| May 25   | August 15   | December 25 |
| June 5   | September 1 |             |
| June 21  | November 1  |             |

## Tunisia

|          |              |            |
|----------|--------------|------------|
| March 20 | July 25      | December 1 |
| May 1    | September 1  |            |
| June 26  | September 21 |            |

## Turkey

|         |           |             |
|---------|-----------|-------------|
| May 1   | June 27   | September 1 |
| May 19  | August 30 | September 4 |
| June 26 | August 31 |             |

## Uganda

|             |          |              |             |
|-------------|----------|--------------|-------------|
| January 2   | April 14 | June 26      | November 30 |
| January 26  | April 17 | July 7       | December 25 |
| February 16 | May 1    | September 13 | December 26 |
| March 8     | June 9   | October 9    |             |

## Ukraine

|           |          |            |
|-----------|----------|------------|
| January 2 | April 17 | June 5     |
| January 3 | May 1    | June 28    |
| January 9 | May 2    | August 24  |
| March 8   | May 9    | October 16 |

## The United Arab Emirates

|           |              |             |
|-----------|--------------|-------------|
| January 1 | June 26      | November 30 |
| April 24  | August 31    | December 3  |
| June 25   | September 21 |             |

The United Arab Emirates market is closed every Friday.

## The United Kingdom

|           |           |             |             |
|-----------|-----------|-------------|-------------|
| January 2 | May 1     | December 22 | December 29 |
| April 14  | May 29    | December 25 |             |
| April 17  | August 28 | December 26 |             |

## The United States Bond Market

|             |          |             |              |
|-------------|----------|-------------|--------------|
| January 2   | April 14 | July 4      | November 24* |
| January 16  | May 26*  | September 4 | December 22* |
| February 20 | May 29   | October 9   | December 25  |
| April 13*   | July 3*  | November 23 | December 29* |

\* The U.S. bond market has recommended early close.

## Uruguay

|             |          |             |
|-------------|----------|-------------|
| January 6   | April 17 | August 25   |
| February 27 | May 1    | October 16  |
| February 28 | May 22   | November 2  |
| April 13    | June 19  | December 25 |
| April 14    | July 18  |             |

## Venezuela

|             |         |              |
|-------------|---------|--------------|
| January 9   | May 1   | August 14    |
| February 27 | May 29  | September 11 |
| February 28 | June 19 | October 12   |
| April 13    | July 3  | November 6   |
| April 14    | July 5  | December 11  |
| April 19    | July 24 | December 25  |

## Vietnam

|            |            |         |             |
|------------|------------|---------|-------------|
| January 2  | January 30 | April 6 | September 4 |
| January 26 | January 31 | May 1   |             |
| January 27 | February 1 | May 2   |             |

## Zambia

|           |          |            |             |
|-----------|----------|------------|-------------|
| January 2 | April 17 | July 4     | December 25 |
| March 8   | May 1    | August 7   |             |
| March 13  | May 25   | October 18 |             |
| April 14  | July 3   | October 24 |             |

## Zimbabwe

|           |           |             |
|-----------|-----------|-------------|
| January 2 | May 1     | December 22 |
| April 14  | May 25    | December 25 |
| April 17  | August 14 | December 26 |
| April 18  | August 15 |             |

**Redemptions** The longest redemption cycle for a Fund is a function of the longest redemption cycle among the countries and regions whose securities comprise the Fund. In the calendar years 2016 and 2017 (the only years for which holidays are known at the time of this SAI filing), the dates of regular holidays affecting the following securities markets present the worst-case redemption cycles\* for a Fund as follows:

2016

| Country    | Trade Date | Settlement Date | Number of Days to Settle |
|------------|------------|-----------------|--------------------------|
| Australia  | 03/22/16   | 03/30/16        | 8                        |
|            | 12/20/16   | 12/29/16        | 9                        |
|            | 12/21/16   | 01/02/17        | 12                       |
|            | 12/22/16   | 01/03/17        | 12                       |
| Bahrain    | 09/07/16   | 09/15/16        | 8                        |
|            | 09/08/16   | 09/18/16        | 10                       |
| Bangladesh | 06/29/16   | 07/10/16        | 11                       |
|            | 09/06/16   | 09/15/16        | 9                        |
|            | 09/07/16   | 09/18/16        | 11                       |
|            | 09/08/16   | 09/19/16        | 11                       |
| Brazil     | 02/03/16   | 02/11/16        | 8                        |
|            | 02/04/16   | 02/12/16        | 8                        |
|            | 02/05/16   | 02/15/16        | 10                       |
| China      | 02/03/16   | 02/17/16        | 14                       |
|            | 02/04/16   | 02/18/16        | 14                       |
|            | 02/05/16   | 02/19/16        | 14                       |
|            | 04/27/16   | 05/09/16        | 12                       |
|            | 04/28/16   | 05/10/16        | 12                       |
|            | 04/29/16   | 05/11/16        | 12                       |
|            | 09/28/16   | 10/11/16        | 13                       |
|            | 09/29/16   | 10/12/16        | 13                       |
|            | 09/30/16   | 10/13/16        | 13                       |
| Colombia   | 03/18/16   | 03/28/16        | 10                       |
| Costa Rica | 12/21/16   | 01/02/17        | 12                       |
|            | 12/22/16   | 01/03/17        | 12                       |
|            | 12/23/16   | 01/04/17        | 12                       |
| Ghana      | 06/30/16   | 07/08/16        | 8                        |
| Indonesia  | 06/29/16   | 07/11/16        | 12                       |
|            | 06/30/16   | 07/12/16        | 12                       |
|            | 07/01/16   | 07/13/16        | 12                       |
| Ireland    | 12/21/16   | 12/29/16        | 8                        |
|            | 12/22/16   | 01/02/17        | 11                       |
| Israel     | 04/20/16   | 05/01/16        | 11                       |
|            | 04/21/16   | 05/02/16        | 11                       |
|            | 10/10/16   | 10/25/16        | 15                       |
|            | 10/13/16   | 10/26/16        | 13                       |
| Japan      | 04/27/16   | 05/06/16        | 9                        |
|            | 04/28/16   | 05/09/16        | 11                       |
|            | 05/02/16   | 05/10/16        | 8                        |

2016

| Country  | Trade Date | Settlement Date | Number of Days to Settle |
|----------|------------|-----------------|--------------------------|
| Jordan   | 06/30/16   | 07/11/16        | 11                       |
|          | 07/03/16   | 07/12/16        | 9                        |
|          | 09/07/16   | 09/18/16        | 11                       |
|          | 09/08/16   | 09/19/16        | 11                       |
| Kuwait   | 09/06/16   | 09/15/16        | 9                        |
|          | 09/07/16   | 09/18/16        | 11                       |
| Lebanon  | 07/01/16   | 7/11/16         | 10                       |
|          | 07/04/16   | 7/12/16         | 8                        |
|          | 07/05/16   | 7/13/16         | 8                        |
| Malawi   | 01/08/16   | 01/18/16        | 10                       |
|          | 01/11/16   | 01/19/16        | 8                        |
|          | 01/12/16   | 01/20/16        | 8                        |
|          | 01/13/16   | 01/21/16        | 8                        |
|          | 01/14/16   | 01/22/16        | 8                        |
|          | 02/25/16   | 03/04/16        | 8                        |
|          | 02/26/16   | 03/07/16        | 10                       |
|          | 02/29/16   | 03/08/16        | 8                        |
|          | 03/01/16   | 03/09/16        | 8                        |
|          | 03/02/16   | 03/10/16        | 8                        |
|          | 03/18/16   | 03/29/16        | 11                       |
|          | 03/21/16   | 03/30/16        | 9                        |
|          | 03/22/16   | 03/31/16        | 9                        |
|          | 03/23/16   | 04/01/16        | 9                        |
|          | 03/24/16   | 04/04/16        | 11                       |
|          | 04/25/16   | 05/03/16        | 8                        |
|          | 04/26/16   | 05/04/16        | 8                        |
|          | 04/27/16   | 05/05/16        | 8                        |
|          | 04/28/16   | 05/06/16        | 8                        |
|          | 04/29/16   | 05/09/16        | 10                       |
|          | 06/07/16   | 06/15/16        | 8                        |
|          | 06/08/16   | 06/16/16        | 8                        |
|          | 06/09/16   | 06/17/16        | 8                        |
|          | 06/10/16   | 06/20/16        | 10                       |
|          | 06/13/16   | 06/21/16        | 8                        |
|          | 06/29/16   | 07/08/16        | 10                       |
|          | 06/30/16   | 07/11/16        | 11                       |
|          | 07/01/16   | 07/12/16        | 11                       |
|          | 07/04/16   | 07/13/16        | 9                        |
|          | 07/05/16   | 07/14/16        | 9                        |
|          | 12/19/16   | 12/27/16        | 8                        |
|          | 12/20/16   | 12/28/16        | 8                        |
|          | 12/21/16   | 12/29/16        | 8                        |
|          | 12/22/16   | 12/30/16        | 8                        |
|          | 12/23/16   | 01/02/17        | 10                       |
| Malaysia | 07/01/16   | 07/11/16        | 10                       |

2016

| Country | Trade Date | Settlement Date | Number of Days to Settle |
|---------|------------|-----------------|--------------------------|
|         | 07/04/16   | 07/12/16        | 8                        |
|         | 07/05/16   | 07/13/16        | 8                        |
| Mexico  | 03/18/16   | 03/28/16        | 10                       |
| Morocco | 09/07/16   | 09/15/16        | 8                        |
|         | 09/08/16   | 09/16/16        | 8                        |
|         | 09/09/16   | 09/19/16        | 10                       |
| Namibia | 03/14/16   | 03/22/16        | 8                        |
|         | 03/15/16   | 03/23/16        | 8                        |
|         | 03/16/16   | 03/24/16        | 8                        |
|         | 03/17/16   | 03/29/16        | 12                       |
|         | 03/18/16   | 03/30/16        | 12                       |
|         | 03/22/16   | 03/31/16        | 9                        |
|         | 03/23/16   | 04/01/16        | 9                        |
|         | 03/24/16   | 04/04/16        | 11                       |
|         | 04/20/16   | 04/28/16        | 8                        |
|         | 04/21/16   | 04/29/16        | 8                        |
|         | 04/22/16   | 05/03/16        | 11                       |
|         | 04/25/16   | 05/06/16        | 11                       |
|         | 04/26/16   | 05/09/16        | 13                       |
|         | 04/28/16   | 05/10/16        | 12                       |
|         | 04/29/16   | 05/11/16        | 12                       |
|         | 05/03/16   | 05/12/16        | 9                        |
|         | 05/18/16   | 05/26/16        | 8                        |
|         | 05/19/16   | 05/27/16        | 8                        |
|         | 05/20/16   | 05/30/16        | 10                       |
|         | 05/23/16   | 05/31/16        | 8                        |
|         | 05/24/16   | 06/01/16        | 8                        |
|         | 06/09/16   | 06/17/16        | 8                        |
|         | 06/10/16   | 06/20/16        | 10                       |
|         | 06/13/16   | 06/21/16        | 8                        |
|         | 06/14/16   | 06/22/16        | 8                        |
|         | 06/15/16   | 06/23/16        | 8                        |
|         | 08/02/16   | 08/10/16        | 8                        |
|         | 08/03/16   | 08/11/16        | 8                        |
|         | 08/04/16   | 08/12/16        | 8                        |
|         | 08/05/16   | 08/15/16        | 10                       |
|         | 08/08/16   | 08/16/16        | 8                        |
|         | 08/19/16   | 08/29/16        | 10                       |
|         | 08/22/16   | 08/30/16        | 8                        |
|         | 08/23/16   | 08/31/16        | 8                        |
|         | 08/24/16   | 09/01/16        | 8                        |
|         | 08/25/16   | 09/02/16        | 8                        |
|         | 12/09/16   | 12/19/16        | 10                       |
|         | 12/12/16   | 12/20/16        | 8                        |
|         | 12/13/16   | 12/21/16        | 8                        |
|         | 12/14/16   | 12/22/16        | 8                        |
|         | 12/15/16   | 12/23/16        | 8                        |

2016

| Country         | Trade Date | Settlement Date | Number of Days to Settle |
|-----------------|------------|-----------------|--------------------------|
|                 | 12/19/16   | 12/27/16        | 8                        |
|                 | 12/20/16   | 12/28/16        | 8                        |
|                 | 12/21/16   | 12/29/16        | 8                        |
|                 | 12/22/16   | 12/30/16        | 8                        |
|                 | 12/23/16   | 01/02/17        | 10                       |
| New Zealand     | 03/21/16   | 03/29/16        | 8                        |
|                 | 03/22/16   | 03/30/16        | 8                        |
|                 | 03/23/16   | 03/31/16        | 8                        |
|                 | 12/20/16   | 12/28/16        | 8                        |
|                 | 12/21/16   | 12/29/16        | 8                        |
|                 | 12/22/16   | 01/02/17        | 11                       |
| Norway          | 03/21/16   | 03/29/16        | 8                        |
|                 | 03/22/16   | 03/30/16        | 8                        |
| Oman            | 07/03/16   | 07/11/16        | 8                        |
|                 | 07/04/16   | 07/12/16        | 8                        |
|                 | 07/05/16   | 07/13/16        | 8                        |
|                 | 09/06/16   | 09/15/16        | 9                        |
|                 | 09/07/16   | 09/18/16        | 11                       |
|                 | 09/08/16   | 09/19/16        | 11                       |
| Pakistan        | 09/08/16   | 09/19/16        | 11                       |
|                 | 09/09/16   | 09/20/16        | 11                       |
| Palestine       | 06/30/16   | 07/10/16        | 10                       |
|                 | 07/03/16   | 07/11/16        | 8                        |
|                 | 07/04/16   | 07/12/16        | 8                        |
|                 | 09/06/16   | 09/15/16        | 9                        |
|                 | 09/07/16   | 09/18/16        | 11                       |
|                 | 09/08/16   | 09/19/16        | 11                       |
| The Philippines | 10/26/16   | 11/03/16        | 8                        |
|                 | 10/27/16   | 11/04/16        | 8                        |
|                 | 10/28/16   | 11/07/16        | 10                       |
| Qatar           | 07/03/16   | 07/12/16        | 9                        |
|                 | 07/04/16   | 07/13/16        | 9                        |
|                 | 07/05/16   | 07/14/16        | 9                        |
|                 | 09/06/16   | 09/18/16        | 12                       |
|                 | 09/07/16   | 09/19/16        | 12                       |
|                 | 09/08/16   | 09/20/16        | 12                       |
| Saudi Arabia    | 06/30/16   | 07/12/16        | 12                       |
|                 | 07/03/16   | 07/13/16        | 10                       |
|                 | 09/07/16   | 09/18/16        | 11                       |
|                 | 09/08/16   | 09/19/16        | 11                       |
| Serbia          | 04/26/16   | 05/04/16        | 8                        |

2016

| Country         | Trade Date | Settlement Date | Number of Days to Settle |
|-----------------|------------|-----------------|--------------------------|
|                 | 04/27/16   | 05/05/16        | 8                        |
|                 | 04/28/16   | 05/06/16        | 8                        |
| Slovak Republic | 12/22/16   | 01/02/17        | 11                       |
|                 | 12/23/16   | 01/03/17        | 11                       |
| South Africa    | 03/14/16   | 03/22/16        | 8                        |
|                 | 03/15/16   | 03/23/16        | 8                        |
|                 | 03/16/16   | 03/24/16        | 8                        |
|                 | 03/17/16   | 03/29/16        | 12                       |
|                 | 03/18/16   | 03/30/16        | 12                       |
|                 | 03/22/16   | 03/31/16        | 9                        |
|                 | 03/23/16   | 04/01/16        | 9                        |
|                 | 03/24/16   | 04/04/16        | 11                       |
|                 | 04/20/16   | 04/28/16        | 8                        |
|                 | 04/21/16   | 04/29/16        | 8                        |
|                 | 04/22/16   | 05/03/16        | 11                       |
|                 | 04/25/16   | 05/04/16        | 9                        |
|                 | 04/26/16   | 05/05/16        | 9                        |
|                 | 04/28/16   | 05/06/16        | 8                        |
|                 | 04/29/16   | 05/09/16        | 10                       |
|                 | 06/09/16   | 06/17/16        | 8                        |
|                 | 06/10/16   | 06/20/16        | 10                       |
|                 | 06/13/16   | 06/21/16        | 8                        |
|                 | 06/14/16   | 06/22/16        | 8                        |
|                 | 06/15/16   | 06/23/16        | 8                        |
|                 | 08/02/16   | 08/10/16        | 8                        |
|                 | 08/03/16   | 08/11/16        | 8                        |
|                 | 08/04/16   | 08/12/16        | 8                        |
|                 | 08/05/16   | 08/15/16        | 10                       |
|                 | 08/08/16   | 08/16/16        | 8                        |
|                 | 12/09/16   | 12/19/16        | 10                       |
|                 | 12/12/16   | 12/20/16        | 8                        |
|                 | 12/13/16   | 12/21/16        | 8                        |
|                 | 12/14/16   | 12/22/16        | 8                        |
|                 | 12/15/16   | 12/28/16        | 13                       |
|                 | 12/16/16   | 12/28/16        | 12                       |
|                 | 12/19/16   | 12/29/16        | 10                       |
|                 | 12/20/16   | 01/02/17        | 13                       |
|                 | 12/21/16   | 01/03/17        | 13                       |
|                 | 12/22/16   | 01/04/17        | 13                       |
|                 | 12/28/16   | 01/05/17        | 8                        |
|                 | 12/29/16   | 01/06/17        | 8                        |
| Srpska          | 01/04/16   | 01/12/16        | 8                        |
|                 | 01/05/16   | 01/13/16        | 8                        |
| Swaziland       | 03/18/16   | 03/29/16        | 11                       |
|                 | 03/21/16   | 03/30/16        | 9                        |
|                 | 03/22/16   | 03/31/16        | 9                        |

2016

| Country             | Trade Date | Settlement Date | Number of Days to Settle |
|---------------------|------------|-----------------|--------------------------|
|                     | 03/23/16   | 04/01/16        | 9                        |
|                     | 03/24/16   | 04/04/16        | 11                       |
|                     | 04/12/16   | 04/20/16        | 8                        |
|                     | 04/13/16   | 04/21/16        | 8                        |
|                     | 04/14/16   | 04/22/16        | 8                        |
|                     | 04/15/16   | 04/26/16        | 11                       |
|                     | 04/18/16   | 04/27/16        | 9                        |
|                     | 04/20/16   | 04/28/16        | 8                        |
|                     | 04/21/16   | 04/29/16        | 8                        |
|                     | 04/22/16   | 05/02/16        | 10                       |
|                     | 04/28/16   | 05/06/16        | 8                        |
|                     | 04/29/16   | 05/09/16        | 10                       |
|                     | 05/02/16   | 05/10/16        | 8                        |
|                     | 05/03/16   | 05/11/16        | 8                        |
|                     | 05/04/16   | 05/12/16        | 8                        |
|                     | 07/15/16   | 07/25/16        | 10                       |
|                     | 07/18/16   | 07/26/16        | 8                        |
|                     | 07/19/16   | 07/27/16        | 8                        |
|                     | 07/20/16   | 07/28/16        | 8                        |
|                     | 07/21/16   | 07/29/16        | 8                        |
|                     | 08/30/16   | 09/07/16        | 8                        |
|                     | 08/31/16   | 09/08/16        | 8                        |
|                     | 09/01/16   | 09/09/16        | 8                        |
|                     | 09/02/16   | 09/12/16        | 10                       |
|                     | 09/05/16   | 09/13/16        | 8                        |
|                     | 12/19/16   | 12/27/16        | 8                        |
|                     | 12/20/16   | 12/28/16        | 8                        |
|                     | 12/21/16   | 12/29/16        | 8                        |
|                     | 12/22/16   | 12/30/16        | 8                        |
|                     | 12/23/16   | 01/02/17        | 10                       |
| Taiwan              | 02/02/16   | 02/15/16        | 13                       |
|                     | 02/03/16   | 02/16/16        | 13                       |
| Thailand            | 04/08/16   | 04/18/16        | 10                       |
|                     | 04/11/16   | 04/19/16        | 8                        |
|                     | 04/12/16   | 04/20/16        | 8                        |
|                     | 04/29/16   | 05/09/16        | 10                       |
| Trinidad and Tobago | 03/23/16   | 03/31/16        | 8                        |
|                     | 03/24/16   | 04/01/16        | 8                        |
| Tunisia             | 06/30/16   | 07/08/16        | 8                        |
|                     | 07/01/16   | 07/11/16        | 10                       |
|                     | 07/04/16   | 07/12/16        | 8                        |
| Turkey              | 06/30/16   | 07/11/16        | 11                       |
|                     | 07/01/16   | 07/12/16        | 11                       |
|                     | 09/08/16   | 09/19/16        | 11                       |
|                     | 09/09/16   | 09/20/16        | 11                       |

2016

| Country                  | Trade Date | Settlement Date | Number of Days to Settle |
|--------------------------|------------|-----------------|--------------------------|
| Uganda                   | 01/19/16   | 01/27/16        | 8                        |
|                          | 01/20/16   | 01/28/16        | 8                        |
|                          | 01/21/16   | 01/29/16        | 8                        |
|                          | 01/22/16   | 02/01/16        | 10                       |
|                          | 01/25/16   | 02/02/16        | 8                        |
|                          | 02/09/16   | 02/17/16        | 8                        |
|                          | 02/10/16   | 02/18/16        | 8                        |
|                          | 02/11/16   | 02/19/16        | 8                        |
|                          | 02/12/16   | 02/22/16        | 10                       |
|                          | 02/15/16   | 02/23/16        | 8                        |
|                          | 03/01/16   | 03/09/16        | 8                        |
|                          | 03/02/16   | 03/10/16        | 8                        |
|                          | 03/03/16   | 03/11/16        | 8                        |
|                          | 03/04/16   | 03/14/16        | 10                       |
|                          | 03/07/16   | 03/15/16        | 8                        |
|                          | 03/18/16   | 03/29/16        | 11                       |
|                          | 03/21/16   | 03/30/16        | 9                        |
|                          | 03/22/16   | 03/31/16        | 9                        |
|                          | 03/23/16   | 04/01/16        | 9                        |
|                          | 03/24/16   | 04/04/16        | 11                       |
|                          | 05/27/16   | 06/06/16        | 10                       |
|                          | 05/30/16   | 06/07/16        | 8                        |
|                          | 05/31/16   | 06/08/16        | 8                        |
|                          | 06/01/16   | 06/10/16        | 9                        |
|                          | 06/02/16   | 06/13/16        | 11                       |
|                          | 06/06/16   | 06/14/16        | 8                        |
|                          | 06/07/16   | 06/15/16        | 8                        |
|                          | 06/08/16   | 06/16/16        | 8                        |
|                          | 12/19/16   | 12/27/16        | 8                        |
|                          | 12/20/16   | 12/28/16        | 8                        |
|                          | 12/21/16   | 12/29/16        | 8                        |
|                          | 12/22/16   | 12/30/16        | 8                        |
|                          | 12/23/16   | 01/02/17        | 10                       |
| Ukraine                  | 01/05/16   | 01/13/16        | 8                        |
| The United Arab Emirates | 09/07/16   | 09/15/16        | 8                        |
|                          | 09/08/16   | 09/18/16        | 10                       |
| Vietnam                  | 02/03/16   | 02/15/16        | 12                       |
|                          | 02/04/16   | 02/16/16        | 12                       |
|                          | 02/05/16   | 02/17/16        | 12                       |
| Zimbabwe                 | 03/18/16   | 03/29/16        | 11                       |
|                          | 03/21/16   | 03/30/16        | 9                        |
|                          | 03/22/16   | 03/31/16        | 9                        |
|                          | 03/23/16   | 04/01/16        | 9                        |
|                          | 03/24/16   | 04/04/16        | 11                       |
|                          | 04/11/16   | 04/19/16        | 8                        |

2016

| Country | Trade Date | Settlement Date | Number of Days to Settle |
|---------|------------|-----------------|--------------------------|
|         | 04/12/16   | 04/20/16        | 8                        |
|         | 04/13/16   | 04/21/16        | 8                        |
|         | 04/14/16   | 04/22/16        | 8                        |
|         | 04/15/16   | 04/25/16        | 10                       |
|         | 04/25/16   | 05/03/16        | 8                        |
|         | 04/26/16   | 05/04/16        | 8                        |
|         | 04/27/16   | 05/05/16        | 8                        |
|         | 04/28/16   | 05/06/16        | 8                        |
|         | 04/29/16   | 05/09/16        | 10                       |
|         | 05/18/16   | 05/26/16        | 8                        |
|         | 05/19/16   | 05/27/16        | 8                        |
|         | 05/20/16   | 05/30/16        | 10                       |
|         | 05/23/16   | 05/31/16        | 8                        |
|         | 05/24/16   | 06/01/16        | 8                        |
|         | 08/01/16   | 08/10/16        | 9                        |
|         | 08/02/16   | 08/11/16        | 9                        |
|         | 08/03/16   | 08/12/16        | 9                        |
|         | 08/04/16   | 08/15/16        | 11                       |
|         | 08/05/16   | 08/16/16        | 11                       |
|         | 12/15/16   | 12/23/16        | 8                        |
|         | 12/16/16   | 12/27/16        | 11                       |
|         | 12/19/16   | 12/28/16        | 9                        |
|         | 12/20/16   | 12/29/16        | 9                        |
|         | 12/21/16   | 12/30/16        | 9                        |
|         | 12/23/16   | 01/02/17        | 10                       |

2017

| Country    | Trade Date | Settlement Date | Number of Days to Settle |
|------------|------------|-----------------|--------------------------|
| Australia  | 04/11/17   | 04/19/17        | 8                        |
|            | 04/12/17   | 04/20/17        | 8                        |
|            | 04/13/17   | 04/21/17        | 8                        |
| Bangladesh | 06/20/17   | 06/28/17        | 8                        |
|            | 06/21/17   | 06/29/17        | 8                        |
|            | 06/22/17   | 07/02/17        | 10                       |
| Brazil     | 02/22/17   | 03/02/17        | 8                        |
|            | 02/23/17   | 03/03/17        | 8                        |
|            | 02/24/17   | 03/06/17        | 11                       |
| China      | 01/24/17   | 02/03/17        | 10                       |
|            | 01/25/17   | 02/06/17        | 12                       |
|            | 01/26/17   | 02/07/17        | 12                       |
|            | 09/27/17   | 10/09/17        | 12                       |
|            | 09/28/17   | 10/10/17        | 12                       |
|            | 09/29/17   | 10/11/17        | 12                       |

2017

| Country    | Trade Date | Settlement Date | Number of Days to Settle |
|------------|------------|-----------------|--------------------------|
| Costa Rica | 04/07/17   | 04/17/17        | 10                       |
|            | 04/10/17   | 04/18/17        | 8                        |
| Indonesia  | 06/21/17   | 07/03/17        | 12                       |
|            | 06/22/17   | 07/04/17        | 12                       |
|            | 06/23/17   | 07/05/17        | 12                       |
| Israel     | 04/06/17   | 04/18/17        | 12                       |
|            | 04/09/17   | 04/19/17        | 10                       |
|            | 10/02/17   | 10/15/17        | 13                       |
|            | 10/03/17   | 10/16/17        | 13                       |
| Japan      | 04/28/17   | 05/08/17        | 10                       |
|            | 05/01/17   | 05/09/17        | 8                        |
|            | 05/02/17   | 05/10/17        | 8                        |
| Jordan     | 06/21/17   | 06/29/17        | 8                        |
|            | 06/22/17   | 07/02/17        | 10                       |
| Malawi     | 01/09/17   | 01/17/17        | 8                        |
|            | 01/10/17   | 01/18/17        | 8                        |
|            | 01/11/17   | 01/19/17        | 8                        |
|            | 01/12/17   | 01/20/17        | 8                        |
|            | 01/13/17   | 01/23/17        | 10                       |
|            | 02/24/17   | 03/06/17        | 10                       |
|            | 02/27/17   | 03/07/17        | 8                        |
|            | 02/28/17   | 03/08/17        | 8                        |
|            | 03/01/17   | 03/09/17        | 8                        |
|            | 03/02/17   | 03/10/17        | 8                        |
|            | 04/07/17   | 04/18/17        | 11                       |
|            | 04/10/17   | 04/19/17        | 9                        |
|            | 04/11/17   | 04/20/17        | 9                        |
|            | 04/12/17   | 04/21/17        | 9                        |
|            | 04/13/17   | 04/24/17        | 11                       |
|            | 04/24/17   | 05/02/17        | 8                        |
|            | 04/25/17   | 05/03/17        | 8                        |
|            | 04/26/17   | 05/04/17        | 8                        |
|            | 04/27/17   | 05/05/17        | 8                        |
|            | 04/28/17   | 05/08/17        | 10                       |
|            | 05/08/17   | 05/16/17        | 8                        |
|            | 05/09/17   | 05/17/17        | 8                        |
|            | 05/10/17   | 05/18/17        | 8                        |
|            | 05/11/17   | 05/19/17        | 8                        |
|            | 05/12/17   | 05/22/17        | 10                       |
|            | 06/19/17   | 06/27/17        | 8                        |
|            | 06/20/17   | 06/28/17        | 8                        |
|            | 06/21/17   | 06/29/17        | 8                        |
|            | 06/22/17   | 06/30/17        | 8                        |
|            | 06/23/17   | 07/03/17        | 10                       |
|            | 06/29/17   | 07/07/17        | 8                        |

2017

| Country  | Trade Date | Settlement Date | Number of Days to Settle |
|----------|------------|-----------------|--------------------------|
|          | 06/30/17   | 07/10/17        | 8                        |
|          | 07/03/17   | 07/11/17        | 8                        |
|          | 07/04/17   | 07/12/17        | 8                        |
|          | 07/05/17   | 07/13/17        | 8                        |
|          | 12/18/17   | 12/27/17        | 9                        |
|          | 12/19/17   | 12/28/17        | 9                        |
|          | 12/20/17   | 12/29/17        | 9                        |
|          | 12/21/17   | 01/02/18        | 12                       |
|          | 12/22/17   | 01/03/18        | 12                       |
| Malaysia | 01/24/17   | 02/01/17        | 8                        |
|          | 01/25/17   | 02/02/17        | 8                        |
|          | 01/26/17   | 02/03/17        | 8                        |
| Namibia  | 03/14/17   | 03/22/17        | 8                        |
|          | 03/15/17   | 03/23/17        | 8                        |
|          | 03/16/17   | 03/24/17        | 8                        |
|          | 03/17/17   | 03/27/17        | 10                       |
|          | 03/20/17   | 03/28/17        | 8                        |
|          | 04/07/17   | 04/18/17        | 11                       |
|          | 04/10/17   | 04/19/17        | 9                        |
|          | 04/11/17   | 04/20/17        | 9                        |
|          | 04/12/17   | 04/21/17        | 9                        |
|          | 04/13/17   | 04/24/17        | 11                       |
|          | 04/20/17   | 04/28/17        | 8                        |
|          | 04/21/17   | 05/01/17        | 10                       |
|          | 04/24/17   | 05/02/17        | 8                        |
|          | 04/25/17   | 05/05/17        | 10                       |
|          | 04/26/17   | 05/08/17        | 12                       |
|          | 04/28/17   | 05/09/17        | 11                       |
|          | 05/02/17   | 05/10/17        | 8                        |
|          | 05/03/17   | 05/11/17        | 8                        |
|          | 05/18/17   | 05/26/17        | 8                        |
|          | 05/19/17   | 05/29/17        | 10                       |
|          | 05/22/17   | 05/30/17        | 8                        |
|          | 05/23/17   | 05/31/17        | 8                        |
|          | 05/24/17   | 06/01/17        | 8                        |
|          | 06/09/17   | 06/19/17        | 10                       |
|          | 06/12/17   | 06/20/17        | 8                        |
|          | 06/13/17   | 06/21/17        | 8                        |
|          | 06/14/17   | 06/22/17        | 8                        |
|          | 06/15/17   | 06/23/17        | 8                        |
|          | 08/02/17   | 08/10/17        | 8                        |
|          | 08/03/17   | 08/11/17        | 8                        |
|          | 08/04/17   | 08/14/17        | 10                       |
|          | 08/07/17   | 08/15/17        | 8                        |
|          | 08/08/17   | 08/16/17        | 8                        |
|          | 09/18/17   | 09/26/17        | 8                        |
|          | 09/19/17   | 09/27/17        | 8                        |
|          | 09/20/17   | 09/28/17        | 8                        |

2017

| Country      | Trade Date | Settlement Date | Number of Days to Settle |
|--------------|------------|-----------------|--------------------------|
|              | 09/21/17   | 09/29/17        | 8                        |
|              | 09/22/17   | 10/02/17        | 10                       |
|              | 12/04/17   | 12/12/17        | 8                        |
|              | 12/05/17   | 12/13/17        | 8                        |
|              | 12/06/17   | 12/14/17        | 8                        |
|              | 12/07/17   | 12/15/17        | 8                        |
|              | 12/08/17   | 12/18/17        | 10                       |
|              | 12/18/17   | 12/28/17        | 10                       |
|              | 12/19/17   | 12/29/17        | 10                       |
|              | 12/20/17   | 01/02/18        | 13                       |
|              | 12/21/17   | 01/03/18        | 13                       |
|              | 12/22/17   | 01/04/18        | 13                       |
| Norway       | 04/10/17   | 04/18/17        | 8                        |
|              | 04/11/17   | 04/19/17        | 8                        |
| Qatar        | 06/20/17   | 06/28/17        | 8                        |
|              | 06/21/17   | 06/29/17        | 8                        |
|              | 06/22/17   | 06/30/17        | 8                        |
| Saudi Arabia | 06/24/17   | 07/02/17        | 8                        |
|              | 06/25/17   | 07/03/17        | 8                        |
| South Africa | 03/14/17   | 03/22/17        | 8                        |
|              | 03/15/17   | 03/23/17        | 8                        |
|              | 03/16/17   | 03/24/17        | 8                        |
|              | 03/17/17   | 03/27/17        | 10                       |
|              | 03/20/17   | 03/28/17        | 8                        |
|              | 04/07/17   | 04/18/17        | 11                       |
|              | 04/10/17   | 04/19/17        | 9                        |
|              | 04/11/17   | 04/20/17        | 9                        |
|              | 04/12/17   | 04/21/17        | 9                        |
|              | 04/13/17   | 04/24/17        | 11                       |
|              | 04/20/17   | 04/28/17        | 8                        |
|              | 04/21/17   | 05/02/17        | 11                       |
|              | 04/24/17   | 05/03/17        | 9                        |
|              | 04/25/17   | 05/04/17        | 9                        |
|              | 04/26/17   | 05/05/17        | 9                        |
|              | 04/28/17   | 05/08/17        | 10                       |
|              | 06/09/17   | 06/19/17        | 10                       |
|              | 06/12/17   | 06/20/17        | 8                        |
|              | 06/13/17   | 06/21/17        | 8                        |
|              | 06/14/17   | 06/22/17        | 8                        |
|              | 06/15/17   | 06/23/17        | 8                        |
|              | 08/02/17   | 08/10/17        | 8                        |
|              | 08/03/17   | 08/11/17        | 8                        |
|              | 08/04/17   | 08/14/17        | 10                       |
|              | 08/07/17   | 08/15/17        | 8                        |
|              | 08/08/17   | 08/16/17        | 8                        |
|              | 09/18/17   | 09/26/17        | 8                        |

2017

| Country     | Trade Date | Settlement Date | Number of Days to Settle |
|-------------|------------|-----------------|--------------------------|
|             | 09/19/17   | 09/27/17        | 8                        |
|             | 09/20/17   | 09/28/17        | 8                        |
|             | 09/21/17   | 09/29/17        | 8                        |
|             | 09/22/17   | 10/02/17        | 10                       |
|             | 12/18/17   | 12/27/17        | 9                        |
|             | 12/19/17   | 12/28/17        | 9                        |
|             | 12/20/17   | 12/29/17        | 9                        |
|             | 12/21/17   | 01/03/18        | 13                       |
|             | 12/22/17   | 01/04/18        | 13                       |
| South Korea | 09/29/17   | 10/10/17        | 11                       |
|             | 10/02/17   | 10/11/17        | 9                        |
| Sri Lanka   | 04/07/17   | 04/17/17        | 10                       |
| Swaziland   | 04/07/17   | 04/18/17        | 11                       |
|             | 04/10/17   | 04/20/17        | 10                       |
|             | 04/11/17   | 04/21/17        | 10                       |
|             | 04/12/17   | 04/24/17        | 12                       |
|             | 04/13/17   | 04/26/17        | 13                       |
|             | 04/18/17   | 04/27/17        | 9                        |
|             | 04/20/17   | 04/28/17        | 8                        |
|             | 04/21/17   | 05/02/17        | 11                       |
|             | 04/24/17   | 05/03/17        | 9                        |
|             | 04/26/17   | 05/04/17        | 8                        |
|             | 04/27/17   | 05/08/17        | 11                       |
|             | 04/28/17   | 05/09/17        | 11                       |
|             | 05/02/17   | 05/10/17        | 8                        |
|             | 05/03/17   | 05/11/17        | 8                        |
|             | 05/04/17   | 05/12/17        | 8                        |
|             | 08/30/17   | 09/07/17        | 8                        |
|             | 08/31/17   | 09/08/17        | 8                        |
|             | 09/01/17   | 09/11/17        | 10                       |
|             | 09/04/17   | 09/12/17        | 8                        |
|             | 09/05/17   | 09/13/17        | 8                        |
|             | 12/18/17   | 12/27/17        | 9                        |
|             | 12/19/17   | 12/28/17        | 9                        |
|             | 12/20/17   | 12/29/17        | 9                        |
|             | 12/21/17   | 01/02/18        | 12                       |
|             | 12/22/17   | 01/03/18        | 12                       |
| Taiwan      | 01/23/17   | 02/02/17        | 10                       |
|             | 01/24/17   | 02/03/17        | 10                       |
| Turkey      | 08/28/17   | 09/05/17        | 8                        |
|             | 08/29/17   | 09/06/17        | 8                        |
| Uganda      | 01/19/17   | 01/27/17        | 8                        |
|             | 01/20/17   | 01/30/17        | 10                       |
|             | 01/23/17   | 02/01/17        | 9                        |

2017

| Country | Trade Date | Settlement Date | Number of Days to Settle |
|---------|------------|-----------------|--------------------------|
|         | 01/24/17   | 02/02/17        | 9                        |
|         | 01/25/17   | 02/03/17        | 9                        |
|         | 02/09/17   | 02/17/17        | 8                        |
|         | 02/10/17   | 02/18/17        | 8                        |
|         | 02/13/17   | 02/21/17        | 8                        |
|         | 02/14/17   | 02/22/17        | 8                        |
|         | 02/15/17   | 02/23/17        | 8                        |
|         | 03/01/17   | 03/09/17        | 8                        |
|         | 03/02/17   | 03/10/17        | 8                        |
|         | 03/03/17   | 03/13/17        | 10                       |
|         | 03/06/17   | 03/14/17        | 8                        |
|         | 03/07/17   | 03/15/17        | 8                        |
|         | 04/07/17   | 04/18/17        | 11                       |
|         | 04/10/17   | 04/19/17        | 9                        |
|         | 04/11/17   | 04/20/17        | 9                        |
|         | 04/12/17   | 04/21/17        | 9                        |
|         | 04/13/17   | 04/24/17        | 11                       |
|         | 04/24/17   | 05/02/17        | 8                        |
|         | 04/25/17   | 05/03/17        | 8                        |
|         | 04/26/17   | 05/04/17        | 8                        |
|         | 04/27/17   | 05/05/17        | 8                        |
|         | 04/28/17   | 05/08/17        | 10                       |
|         | 06/02/17   | 06/12/17        | 10                       |
|         | 06/05/17   | 06/13/17        | 8                        |
|         | 06/06/17   | 06/14/17        | 8                        |
|         | 06/07/17   | 06/15/17        | 8                        |
|         | 06/08/17   | 06/16/17        | 8                        |
|         | 06/19/17   | 06/27/17        | 8                        |
|         | 06/20/17   | 06/28/17        | 8                        |
|         | 06/21/17   | 06/29/17        | 8                        |
|         | 06/22/17   | 06/30/17        | 8                        |
|         | 06/23/17   | 07/03/17        | 10                       |
|         | 06/30/17   | 07/10/17        | 10                       |
|         | 07/03/17   | 07/11/17        | 8                        |
|         | 07/04/17   | 07/12/17        | 8                        |
|         | 07/05/17   | 07/13/17        | 8                        |
|         | 07/06/17   | 07/14/17        | 8                        |
|         | 09/06/17   | 09/14/17        | 8                        |
|         | 09/07/17   | 09/15/17        | 8                        |
|         | 09/08/17   | 09/18/17        | 10                       |
|         | 09/11/17   | 09/19/17        | 8                        |
|         | 09/12/17   | 09/20/17        | 8                        |
|         | 10/02/17   | 10/10/17        | 8                        |
|         | 10/03/17   | 10/11/17        | 8                        |
|         | 10/04/17   | 10/12/17        | 8                        |
|         | 10/05/17   | 10/13/17        | 8                        |
|         | 10/06/17   | 10/16/17        | 10                       |
|         | 11/23/17   | 12/01/17        | 8                        |
|         | 11/24/17   | 12/04/17        | 10                       |
|         | 11/27/17   | 12/05/17        | 8                        |

2017

| Country  | Trade Date | Settlement Date | Number of Days to Settle |
|----------|------------|-----------------|--------------------------|
|          | 11/28/17   | 12/06/17        | 8                        |
|          | 11/29/17   | 12/07/17        | 8                        |
|          | 12/18/17   | 12/27/17        | 9                        |
|          | 12/19/17   | 12/28/17        | 9                        |
|          | 12/20/17   | 12/29/17        | 9                        |
|          | 12/21/17   | 01/02/18        | 12                       |
|          | 12/22/17   | 01/03/18        | 12                       |
| Uruguay  | 04/10/17   | 04/18/17        | 8                        |
|          | 04/11/17   | 04/19/17        | 8                        |
|          | 04/12/17   | 04/20/17        | 8                        |
| Vietnam  | 01/23/17   | 02/02/17        | 10                       |
|          | 01/24/17   | 02/03/17        | 10                       |
|          | 01/25/17   | 02/06/17        | 12                       |
| Zimbabwe | 04/07/17   | 04/19/17        | 12                       |
|          | 04/10/17   | 04/20/17        | 10                       |
|          | 04/11/17   | 04/21/17        | 10                       |
|          | 04/12/17   | 04/24/17        | 12                       |
|          | 04/13/17   | 04/25/17        | 12                       |
|          | 04/24/17   | 05/02/17        | 8                        |
|          | 04/25/17   | 05/03/17        | 8                        |
|          | 04/26/17   | 05/04/17        | 8                        |
|          | 04/27/17   | 05/05/17        | 8                        |
|          | 04/28/17   | 05/08/17        | 10                       |
|          | 05/18/17   | 05/26/17        | 8                        |
|          | 05/19/17   | 05/29/17        | 10                       |
|          | 05/22/17   | 05/30/17        | 8                        |
|          | 05/23/17   | 05/31/17        | 8                        |
|          | 05/24/17   | 06/01/17        | 8                        |
|          | 08/07/17   | 08/16/17        | 9                        |
|          | 08/08/17   | 08/17/17        | 9                        |
|          | 08/09/17   | 08/18/17        | 9                        |
|          | 08/10/17   | 08/21/17        | 11                       |
|          | 08/11/17   | 08/22/17        | 11                       |
|          | 12/15/17   | 12/27/17        | 12                       |
|          | 12/18/17   | 12/28/17        | 10                       |
|          | 12/19/17   | 12/29/17        | 10                       |
|          | 12/20/17   | 01/02/18        | 13                       |
|          | 12/21/17   | 01/03/18        | 13                       |

\* These worst-case redemption cycles are based on information regarding regular holidays, which may be out of date. Based on changes in holidays, longer (worse) redemption cycles are possible.

