



## A SMART WAY TO INVEST INTERNATIONALLY

GAIN EFFICIENT ACCESS TO THE WORLD WITH iSHARES® ETFs



## A smart way to invest internationally

iShares has more than 70 international and global exchange traded funds (ETFs) that are cost efficient, liquid, and capture a broad selection of the international investing universe.

### ACCESS TO GROWTH, GREATER DIVERSIFICATION

More than 75% of global economic output and over half of the world’s equity market capitalization comes from countries outside of the U.S.<sup>1</sup> Yet typical U.S. investor portfolio allocations continue to be biased toward domestic securities. A strategic allocation to international securities may enhance a portfolio’s risk-adjusted returns, provide portfolio diversification, and offer opportunities for higher performance.

While gaining access to international securities can be operationally difficult and costly with traditional instruments, iShares ETFs offer efficient access to the world’s fastest-growing economies.

## Why use international iShares ETFs in your portfolio?

- More selection, more focused investing
- Low cost and tax efficient
- Diverse portfolio strategies
- Risk management
- Quality indexes

### MORE SELECTION, MORE FOCUSED INVESTING

The suite of international and global iShares ETFs spans the world. One can attain broad asset class exposure across developed or emerging markets; regionally in markets such as Asia or Latin America to take advantage of developing regional economies; single-country funds such as Japan or Brazil for more targeted investing; in global sectors if one prefers the sector approach to investing; or in theme-based funds that give exposure across multiple sectors and borders to the ideas that are reshaping our world (Figure 1).

**FIGURE 1** MODULAR VIEW OF iSHARES INTERNATIONAL AND GLOBAL ETFs

### iShares Developed Markets Index Funds

BROAD	SMALL	REGIONAL	COUNTRY		
<b>EFA</b> MSCI EAFE	<b>IFSM</b> FTSE Developed Small Cap ex-North America	<b>EPP</b> MSCI Pacific ex-Japan	<b>EWA</b> MSCI Australia	<b>EWG</b> MSCI Germany	<b>EWS</b> MSCI Singapore
<b>EFG</b> MSCI EAFE Growth	<b>SCZ</b> MSCI EAFE Small Cap	<b>AIA</b> S&P Asia 50	<b>EWO</b> MSCI Austria Investable Market	<b>EWH</b> MSCI Hong Kong	<b>EWP</b> MSCI Spain
<b>EFV</b> MSCI EAFE Value		<b>EZU</b> MSCI EMU	<b>EWK</b> MSCI Belgium Investable Market	<b>EWI</b> MSCI Italy	<b>EWD</b> MSCI Sweden
<b>TOK</b> MSCI Kokusai		<b>IEV</b> S&P Europe 350	<b>EWQ</b> MSCI Canada	<b>EWJ</b> MSCI Japan	<b>EWL</b> MSCI Switzerland
			<b>ECH</b> MSCI Chile Investable Market	<b>SCJ</b> MSCI Japan Small Cap	<b>EWU</b> MSCI United Kingdom
			<b>EWQ</b> MSCI France	<b>EWN</b> MSCI Netherlands Investable Market	
			<b>ITF</b> S&P/TOPIX 150		

1. Sources: Data on world GDP from World Bank, as of 12/31/08; on world market capitalization, as of 6/30/09.

### iShares Emerging Markets Index Funds

BROAD	REGIONAL	COUNTRY	THEME-BASED			
<b>EEM</b> MSCI Emerging Markets	<b>BKF</b> MSCI BRIC	<b>FCHI</b> FTSE China (HK Listed)	<b>EWZ</b> MSCI Brazil	<b>EWW</b> MSCI Mexico Investable Market	<b>EWT</b> MSCI Taiwan	<b>EMIF</b> S&P Emerging Markets Infrastructure
	<b>ILF</b> S&P Latin America 40	<b>FXI</b> FTSE/Xinhua China 25	<b>EIS</b> MSCI Israel Capped Investable Market	<b>EZA</b> MSCI South Africa	<b>THD</b> MSCI Thailand Investable Market	
	<b>AAXJ</b> MSCI All Country Asia ex Japan	<b>EPU</b> MSCI All Peru Capped	<b>EWM</b> MSCI Malaysia	<b>EWY</b> MSCI South Korea	<b>TUR</b> MSCI Turkey Investable Market	

### iShares Global Sector Index Funds

<b>RXI</b> S&P Global Consumer Discretionary Sector	<b>IXG</b> S&P Global Financials Sector	<b>IXN</b> S&P Global Technology Sector	<b>JXI</b> S&P Global Utilities Sector
<b>KXI</b> S&P Global Consumer Staples Sector	<b>IXJ</b> S&P Global Healthcare Sector	<b>IXP</b> S&P Global Telecommunications Sector	<b>IXC</b> S&P Global Energy Sector
<b>EXI</b> S&P Global Industrials Sector	<b>MXI</b> S&P Global Materials Sector		

### iShares Global Index Funds

<b>ACWI</b> MSCI ACWI	<b>ACWX</b> MSCI ACWI ex US
<b>IOO</b> S&P Global 100	

### iShares Global Real Estate Index Funds

<b>IFAS</b> FTSE EPRA/NAREIT Developed Asia	<b>IFEU</b> FTSE EPRA/NAREIT Developed Europe	<b>IFGL</b> FTSE EPRA/NAREIT Developed Real Estate ex-U.S.
<b>IFNA</b> FTSE EPRA/NAREIT North America	<b>WPS</b> S&P Developed ex-U.S. Property	

### iShares Global Theme-Based Index Funds

<b>ICLN</b> S&P Global Clean Energy	<b>NUCL</b> S&P Global Nuclear Energy
<b>WOOD</b> S&P Global Timber & Forestry	<b>IGF</b> S&P Global Infrastructure

### iShares International Bond Funds

<b>EMB</b> JPMorgan USD Emerging Markets	<b>IGOV</b> S&P/Citigroup International Treasury	<b>ISHG</b> S&P/Citigroup 1-3 Year International Treasury
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### iShares International Specialty Index Funds

<b>IDV</b> Dow Jones International Select Dividend
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**FIGURE 2 INTERNATIONAL iSHARES ETFs vs. ACTIVELY MANAGED FUND FEES**

FUND CATEGORY	AVERAGE ACTIVELY MANAGED FUND FEE (%)	iSHARES FUND MANAGEMENT FEE (%) <sup>2</sup>	SAMPLING OF iSHARES INDEX FUNDS
International Blend	1.33	0.35	iShares MSCI ACWI ex US
		0.34	iShares MSCI EAFE
Emerging Markets	1.55	0.72	iShares MSCI Emerging Markets
International Real Estate	1.35	0.48	iShares FTSE EPRA/NAREIT Developed Real Estate ex-U.S.
		0.48	iShares S&P Developed ex-U.S. Property

Sources: Morningstar and BGI, as of 6/30/09. Mutual fund data based on oldest share class to avoid double counting of multiple share classes. Investment comparisons are for illustrative purposes only and not meant to be all-inclusive. To better understand the similarities and differences between investments, including investment objectives, risks, fees, and expenses, it is important to read the products' prospectuses.

#### LOW COST AND TAX EFFICIENT

International iShares ETFs typically have lower expense ratios than most traditional international mutual funds (Figure 2). Lower expense ratios save investors money and can translate into higher returns.

Like higher expenses, taxes can adversely impact fund performance. Because iShares ETFs seek to closely track a benchmark index, they typically buy and sell securities less often than actively managed mutual funds, decreasing the likelihood of capital gains distributions. In addition, mutual fund shareholders purchase and redeem shares from the fund, which may result in capital gains distributions to all shareholders. In contrast, ETF shareholders buy and sell shares on an exchange—a transaction that does not affect other shareholders. Of course, iShares ETFs can generate capital gains and other tax consequences, but not as a result of other investors' activities.<sup>3</sup>

#### DIVERSE PORTFOLIO STRATEGIES

International iShares ETFs can be used to implement a wide range of portfolio strategies, including portfolio completion, blending index and active strategies, and tax management. The trading flexibility of iShares ETFs enables you to implement these strategies conveniently and efficiently. And since iShares ETFs are unhedged, they offer pure exposure to local equity and currency returns.

Perhaps the most common way to use international iShares ETFs is to fine-tune a portfolio's asset allocation (Figure 3). With the wide range of iShares ETFs, you can tailor international exposure with developed or emerging markets, regions, single-country funds, global sectors, or global theme-based investments.

#### RISK MANAGEMENT

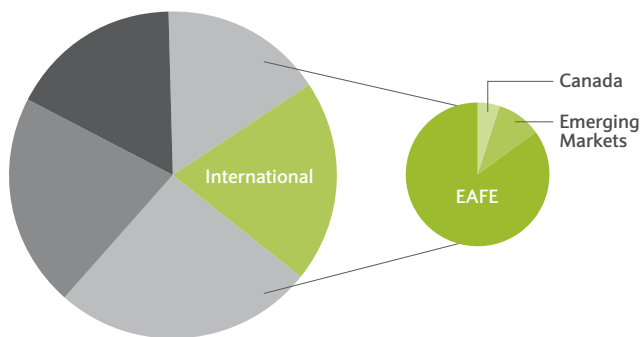
International iShares ETFs are known for their transparency and liquidity, two important characteristics that are not typical hallmarks of direct international investing, particularly

2. "Management Fees" are fees paid to BlackRock Fund Advisors, the Funds' investment advisor. A Fund may also incur indirect expenses on its investments, if any, in other investment companies. Please see the Funds' prospectuses for more information on such expenses as of 12/09.

3. Transactions in shares of iShares Funds will result in brokerage commissions and will generate tax consequences. Mutual funds and iShares Funds are obliged to distribute portfolio gains to shareholders.

in the case of emerging markets. Like a stock, international iShares ETFs trade throughout the day on an exchange. Because iShares ETFs trade on an exchange, their prices reflect market developments occurring during the U.S. trading day, even when the underlying market they track is closed.

**FIGURE 3 FINE-TUNE YOUR INTERNATIONAL EXPOSURE WITH iSHARES ETFs**



For illustrative purposes only.

In addition, the ability to sell short and place limit orders provides the flexibility to implement tactical portfolio strategies based on market movements or changing investment needs.<sup>4</sup> For example, an investor might like the Latin America region generally, but feel uncertain about pending elections in Mexico. Buying the iShares S&P Latin America 40 Index Fund while selling short the iShares MSCI Mexico Investable Market Index Fund would allow you to implement this view.

**CONFIDENCE IN QUALITY INDEXES**

One of the challenges with international investing can be selecting the right index—an index that is readily investable as well as transparent. Not only do we build our international ETFs around indexes that include size, volume, and market capitalization criteria for constituents, but we also seek out index providers with transparent index methodologies. iShares ETFs’ benchmark indexes—such as MSCI Inc., Standard & Poor’s, and FTSE—are widely utilized by investors worldwide.

There’s a world of opportunity out there. Make the most of these opportunities with iShares ETFs.

**Know the differences**

While iShares ETFs and traditional mutual funds each hold a basket of securities and are obliged to distribute gains to shareholders, some key differences do exist:

**iSHARES ETFs**

- Seek to track a market index, before fees and expenses.
- Trade on exchanges intraday at market price, which may be greater or less than net asset value.
- Not individually redeemed from the fund.
- Transactions result in brokerage commissions and can generate tax consequences.

**ACTIVELY MANAGED MUTUAL FUNDS**

- Are accessed directly from the fund company or through a select broker.
- Are bought or redeemed at the fund’s end-of-day net asset value, less any applicable fees.
- Pricing generally occurs once a day.
- May charge sales loads or redemption fees.
- Typically charge more than index-linked products due to increased trading and research expenses.

4. With short sales, you risk paying more for a security than you received from its sale.



**Carefully consider the iShares Funds' investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Funds' prospectuses, which may be obtained by calling 1-800-iShares (1-800-474-2737) or by visiting [www.iShares.com](http://www.iShares.com). Read the prospectuses carefully before investing.**

**Investing involves risk, including possible loss of principal.** Asset allocation and diversification may not protect against market risk.

There is no guarantee that distributions will not be made in the future. There is no guarantee that dividends will be paid.

Bonds and bond funds will decrease in value as interest rates rise. An investment in the fund(s) is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in smaller companies, securities focusing on single countries and narrowly focused investments typically exhibit higher volatility. The timber and forestry industry is highly cyclical and companies in this industry may be adversely affected by changes in international economic conditions, interest rates, and environmental conditions. The energy sector is cyclical and highly dependent on commodities prices. Companies in this sector may face civil liability from accidents and a risk of loss from terrorism and natural disasters. REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. International real estate is subject to the status of its local economy.

Investment comparisons are for illustrative purposes only and are not meant to be all-inclusive. To better understand the similarities and differences between investments, including investment objectives, risks, fees, and expenses, it is important to read the products' prospectuses.

All regulated investment companies are obliged to distribute portfolio gains to shareholders at year's end. Trading shares of the iShares Funds will also generate tax consequences and transaction expenses. This material is not intended to be tax advice. The tax consequences of dividend distributions may vary by individual taxpayer. Please consult your tax professional or financial advisor for more information with regard to your specific situation.

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should seek advice based on your particular circumstances from an independent tax advisor.

The annual management fees of iShares Funds may be substantially less than those of most mutual funds. Buying and selling shares of iShares Funds will result in brokerage commissions, but the savings from lower annual fees can help offset these costs.

The strategies discussed are strictly for illustrative and educational purposes and should not be construed as a recommendation to purchase or sell, or an offer to sell or a solicitation of an offer to buy any security. There is no guarantee that any strategies discussed will be effective.

Shares of the iShares Funds may be sold throughout the day on the exchange through any brokerage account. However, shares may only be redeemed directly from a Fund by Authorized Participants, in very large creation/redemption units.

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