

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Continuous Distribution

November 11, 2011



This prospectus qualifies the distribution of units ("Units") of the exchange-traded funds listed below (the "iShares® Funds"), each of which is a commodity pool created under the laws of the Province of Ontario by BlackRock Asset Management Canada Limited ("BlackRock Canada"). BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds and is responsible for the day-to-day administration of the iShares Funds. See "Organization and Management Details of the iShares Funds – Trustee, Manager and Portfolio Adviser". The iShares Funds are organized as trusts and unitholders of the iShares Funds are not shareholders of a corporation.

iShares Portfolio Builder Series

iShares Conservative Core Portfolio Builder Fund ("XCR")

iShares Growth Core Portfolio Builder Fund ("XGR")

iShares Global Completion Portfolio Builder Fund ("XGC")

iShares Alternatives Completion Portfolio Builder Fund ("XAL")

Investment Objectives

The investment objective of each iShares Fund other than the iShares Alternatives Completion Portfolio Builder Fund, as further described below, is to provide a specified investment result by optimizing the asset mix of its portfolio among multiple asset classes. The investment objective of the iShares Alternatives Completion Portfolio Builder Fund, as further described below, is to provide a specified investment result by optimizing the asset mix of its portfolio among one or more Alternative Asset Classes, as defined below. See "Investment Objectives".

iShares Conservative Core Portfolio Builder Fund

The iShares Conservative Core Portfolio Builder Fund seeks to provide a combination of income with the potential for long-term capital growth by investing primarily in securities issued by exchange-traded funds managed by BlackRock Canada or an affiliate ("iShares ETFs") that provide exposure to fixed income securities, with the balance invested in iShares ETFs that provide exposure to equity securities and to one or more alternative asset classes including, but not limited to, commodities, real estate investment trusts, income trusts, real return bonds, emerging market equity, emerging market bonds, high yield bonds, specialty equity, infrastructure and private equity (the "Alternative Asset Classes"), allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives such as options, futures contracts, forward contracts, swaps, debt-like securities and index options (collectively, "derivatives").

iShares Growth Core Portfolio Builder Fund

The iShares Growth Core Portfolio Builder Fund seeks to provide long-term capital growth by investing primarily in iShares ETFs that provide exposure to equity securities and to one or more Alternative Asset Classes, with the balance invested in iShares ETFs that provide exposure to fixed income securities, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

iShares Global Completion Portfolio Builder Fund

The iShares Global Completion Portfolio Builder Fund seeks to provide long-term capital growth by investing in iShares ETFs that provide exposure to foreign fixed income securities, foreign equity securities and to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

The iShares Global Completion Portfolio Builder Fund is intended to complement an investor's portfolio that consists primarily of Canadian nominal bonds and Canadian equities and as such, it will not typically invest in iShares ETFs, other issuers or derivatives providing exposure to these asset classes.

iShares Alternatives Completion Portfolio Builder Fund

The iShares Alternatives Completion Portfolio Builder Fund seeks to provide long-term capital growth by investing in iShares ETFs that provide exposure to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

The iShares Alternatives Completion Portfolio Builder Fund is intended to complement an investor's portfolio that consists primarily of Canadian equities, Canadian nominal bonds and large capitalization international equities from developed markets and as such, it will not typically invest in iShares ETFs, other issuers or derivatives providing exposure to these asset classes.

Investment Strategies

Each iShares Fund may invest in securities issued by iShares ETFs, provided that such holding by an iShares Fund is consistent with its investment objective. The iShares Funds may also invest directly in issuers within these asset classes and in derivatives to achieve their objectives and/or to hedge, or protect, against changes in asset class prices or foreign exchange risks. The iShares Funds may also invest in futures contracts in order to provide market exposure for cash held by such iShares Funds and may hold money market instruments, securities of money market funds or cash to meet their current obligations. In order to meet the investment objective of each iShares Fund, BlackRock Canada will use an asset allocation strategy, as further described below, and may change the iShares ETFs, other issuers and/or derivatives in which an iShares Fund invests, and the percentage of an iShares Fund's investment in such iShares ETFs, other issuers and/or derivatives at any time and from time to time.

BlackRock Canada utilizes a proprietary multi-factor asset selection process to create an asset allocation for each iShares Fund that seeks to identify and optimally diversify certain fundamental sources of return applicable to an iShares Fund, in a manner consistent with the iShares Fund's investment objective. See "Investment Strategies".

Listing of Units

The Units of each iShares Fund are listed on the Toronto Stock Exchange ("TSX") and are offered on a continuous basis. Investors may buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. No fees are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with the buying or selling of Units on the TSX.

Purchase, Redemption and Exchange

Underwriters may purchase and redeem Units directly from the iShares Funds. Unitholders of the iShares Funds may dispose of their Units in two ways: (i) by selling their Units on the TSX at the full market price less customary brokerage commissions and expenses, or (ii) by redeeming Units for cash at a redemption price of 95% of the closing price for the applicable Units on the TSX on the effective day of redemption. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. Each iShares Fund also offers additional redemption or exchange options which are available where a unitholder redeems or exchanges a Prescribed Number of Units. See "Purchase of Units" and "Exchange and Redemption of Units".

Additional Considerations

No underwriter has been involved in the preparation of the prospectus or has performed any review of the contents of the prospectus.

For a discussion of the risks associated with an investment in Units of the iShares Funds, see “Risk Factors”.

Each investor should carefully consider whether its financial condition permits it to participate in the iShares Funds. The Units of each iShares Fund are speculative and involve a high degree of risk. An investor may lose a substantial portion or even all of the money it places in the iShares Funds. The risk of loss in trading in derivatives can be substantial. In considering whether to buy Units of the iShares Funds, the investor should be aware that trading derivatives can quickly lead to large losses as well as large gains. Such trading losses can sharply reduce the Net Asset Value of each iShares Fund and consequently, the value of an investor’s Units in each iShares Fund. Also, market conditions may make it difficult or impossible for the iShares Funds to liquidate a position.

Each iShares Fund is subject to certain conflicts of interest. See “Conflicts of Interest”.

Each iShares Fund will be subject to charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for the iShares Funds to make substantial trading profits to avoid depletion or exhaustion of their respective assets before an investor is entitled to a return on its investment.

Participation in transactions relating to certain iShares ETFs and derivatives involves the execution and clearing of trades on or subject to the rules of a foreign market.

None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rules of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs.

For these reasons, entities such as the iShares Funds that trade U.S. iShares Funds, Dublin iShares Funds, securities of other foreign issuers and/or derivatives may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges.

While each iShares Fund is a mutual fund, it is also a commodity pool and certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply to the iShares Funds.

These brief statements do not disclose all of the risks and other significant aspects of investing in the iShares Funds. An investor should therefore carefully study this prospectus, including the description of the principal risk factors under “Risk Factors”, before deciding to invest in the iShares Funds.

The registration and transfer of Units are effected through the book-entry only system administered by CDS Clearing and Depository Services Inc. (“CDS”). Investors in the iShares Funds do not have the right to receive physical certificates evidencing their ownership of Units.

Trademarks

“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BTC”). Used with permission.

Documents Incorporated by Reference

During the period in which the iShares Funds are in continuous distribution, additional information will be available in the most recently filed comparative annual financial statements, any interim financial statements filed after the

most recent comparative annual financial statements, the most recently filed annual management report of fund performance (“MRFP”) and any interim MRFP filed after the annual MRFP of each iShares Fund. These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. These documents are publicly available on the iShares Funds web site at www.ishares.ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are publicly available at www.sedar.com. See “Documents Incorporated by Reference”.

IMPORTANT TERMS

Alternative Asset Classes — asset classes including, but not limited to, commodities, real estate investment trusts, income trusts, real return bonds, emerging market equity, emerging market bonds, high yield bonds, specialty equity, infrastructure and private equity.

Basket of Securities — in relation to a particular iShares Fund, a group of iShares ETFs and/or other securities determined by BlackRock Canada from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

BlackRock — BlackRock, Inc., the ultimate parent company of BlackRock Canada.

BlackRock Canada — BlackRock Asset Management Canada Limited.

BRAL — BlackRock Advisors (UK) Limited, an affiliate of BlackRock Canada.

BTC — BlackRock Institutional Trust Company, N.A., an affiliate of BlackRock Canada.

Canadian iShares Fund — any exchange-traded fund, other than the iShares Funds, that is listed on a Canadian stock exchange and managed by BlackRock Canada or an affiliate.

Cash Creation Fee — the fee payable in connection with cash-only payments for subscriptions of a Prescribed Number of Units of an iShares Fund, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the iShares Fund incurs or expects to incur in purchasing securities on the market with such cash proceeds.

Cash Exchange Fee — the fee payable in connection with cash-only payments for exchanges of a Prescribed Number of Units of an iShares Fund, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the iShares Fund incurs or expects to incur in selling securities on the market to obtain the necessary cash for the exchange.

CDS — CDS Clearing and Depository Services Inc.

derivatives — instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which may include, options, futures contracts, forward contracts, swaps, debt-like securities or index options.

Dublin iShares Fund — any exchange-traded fund that is primarily listed on the London Stock Exchange and managed by an affiliate of BlackRock Canada.

Fundamental Sources of Return — sources of return identified by BlackRock Canada, which include exposure to interest rates, inflation, credit quality, liquidity premium, incomplete information/transparency, global and domestic economic growth, political uncertainty, and foreign currencies.

GST — federal goods and services tax.

HST — federal harmonized sales tax.

Investment Sub-Advisory Agreement — as described under “Organization and Management Details of the iShares Funds — Details of the Investment Sub-Advisory Agreement”.

IRC — the independent review committee of the iShares Funds as described under “Organization and Management Details of the iShares Funds – Independent Review Committee”.

iShares ETFs — securities issued by exchange-traded funds managed by BlackRock Canada or an affiliate, including Canadian iShares Funds, Dublin iShares Funds and U.S. iShares Funds.

iShares Funds — collectively, the iShares Conservative Core Portfolio Builder Fund, iShares Growth Core Portfolio Builder Fund, iShares Global Completion Portfolio Builder Fund, iShares Alternatives Completion Portfolio Builder Fund and **iShares Fund** means any one of them.

Management Fee Distribution — as described under “Fees and Expenses – Management Fee Distributions”, an amount equal to the difference between the applicable total annual fee otherwise chargeable and a reduced total annual fee determined by BlackRock Canada from time to time and distributed quarterly in cash by an iShares Fund to unitholders who hold large investments in the iShares Fund.

Master Declaration of Trust — the master declaration of trust amended and restated as of August 31, 2011 governing the iShares Funds, as may be amended and/or restated from time to time.

MRFP(s) — management report(s) of fund performance.

Net Asset Value — in relation to a particular iShares Fund, the market value of the assets held by that iShares Fund, less an amount equal to the total liabilities of that iShares Fund.

Net Asset Value per Unit — in relation to a particular iShares Fund, the Net Asset Value of that iShares Fund divided by the total number of Units of that iShares Fund outstanding.

NI 81-102 — National Instrument 81-102 – *Mutual Funds*.

NI 81-104 — National Instrument 81-104 – *Commodity Pools*.

NI 81-107 — National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

Prescribed Number of Units — in relation to an iShares Fund, the number of Units determined by BlackRock Canada from time to time for the purpose of subscription orders, exchanges, redemptions or for such other purposes as BlackRock Canada may determine.

Registered Plans — means trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts.

RRIF — registered retirement income fund.

RRSP — registered retirement savings plan.

SSBT — State Street Bank and Trust Company, an affiliate of SSTCC.

SSTCC — State Street Trust Company Canada, the custodian and registrar and transfer agent of the iShares Funds.

Tax Act — the *Income Tax Act* (Canada) and the regulations issued thereunder.

TFSA — tax-free savings account.

Trading Day — for each iShares Fund, a day on which (i) a regular session of the TSX is held; and (ii) the primary market or exchange for the securities held by the iShares Fund is open for trading.

TSX — the Toronto Stock Exchange.

Underwriters — registered brokers and dealers that enter into underwriting agreements with one or more iShares Funds and that subscribe for and purchase Units from such iShares Funds, and **Underwriter** means any one of them.

Unit — in relation to a particular iShares Fund, a unit of beneficial interest in that iShares Fund.

U.S. iShares Fund — any exchange-traded fund that is listed on a recognized U.S. stock exchange and managed by an affiliate of BlackRock Canada.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1	Taxation of Unitholders.....	32
SUMMARY OF FEES AND EXPENSES	7	Taxation of Registered Plans	34
Annual Returns and Management Expense Ratio.....	8		
OVERVIEW OF THE LEGAL STRUCTURE OF THE iSHARES FUNDS	10	ORGANIZATION AND MANAGEMENT	
INVESTMENT OBJECTIVES.....	10	DETAILS OF THE iSHARES FUNDS	34
INVESTMENT STRATEGIES	11	Executive Officers and Directors of BlackRock Canada	34
Fundamental Sources of Return	11	Trustee, Manager and Portfolio Adviser.....	35
Use of Derivatives	13	Duties and Services to be Provided by BlackRock Canada	36
Securities Lending.....	15	Sub-Adviser.....	36
OVERVIEW OF WHAT THE iSHARES FUNDS INVEST IN.....	15	Principal Portfolio Manager.....	37
iShares ETFs	15	Details of the Investment Sub-Advisory Agreement	37
Derivatives	16	Conflicts of Interest.....	38
INVESTMENT RESTRICTIONS	16	Independent Review Committee.....	38
FEES AND EXPENSES.....	16	Custodian.....	39
Fees and Expenses Payable by the iShares Funds	16	Subcustodians	39
Fees and Expenses Payable by BlackRock Canada.....	17	Auditor	39
Management Fee Distributions.....	17	Registrar and Transfer Agent.....	39
RISK FACTORS.....	18	CALCULATION OF NET ASSET VALUE	39
General Risks Relating to an Investment in the iShares Funds.....	18	Valuation Policies and Procedures	39
Additional Risks Relating to an iShares Fund's Investment in the iShares ETFs	23	Net Asset Value per Unit.....	40
DISTRIBUTION POLICY	25	Reporting of Net Asset Value	41
PURCHASE OF UNITS.....	26	ATTRIBUTES OF THE SECURITIES	41
Issuance of Units	26	Description of the Securities Distributed.....	41
Buying and Selling Units	26	Subscriptions	41
Registration and Transfer through CDS.....	27	Certain Provisions of the Units	41
EXCHANGE AND REDEMPTION OF UNITS	28	UNITHOLDER MATTERS.....	42
Exchange of Units at Net Asset Value per Unit for Baskets of Securities and Cash.....	28	Meetings of Unitholders	42
Redemption of Units for Cash.....	28	Matters Requiring Unitholder Approval.....	42
Suspension of Exchange and Redemption	29	Amendments to the Master Declaration of Trust	43
Short-Term Trading.....	29	Permitted Mergers	44
PRICE RANGE AND TRADING VOLUME OF UNITS	29	Reporting to Unitholders	44
INCOME TAX CONSIDERATIONS.....	30	TERMINATION OF THE iSHARES FUNDS.....	44
Status of the iShares Funds	30	PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD.....	44
Taxation of the iShares Funds	31	MATERIAL CONTRACTS.....	46
		EXPERTS	47
		EXEMPTIONS AND APPROVALS.....	47
		OTHER MATERIAL FACTS	48
		Trademark Matters	48
		PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSON	48
		DOCUMENTS INCORPORATED BY REFERENCE	48

TABLE OF CONTENTS
(continued)

AUDITOR'S CONSENT	F-1	CERTIFICATE OF THE iSHARES FUNDS, TRUSTEE AND THE MANAGER.....	C-1
-------------------------	-----	--	-----

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

Issuers:

iShares Conservative Core Portfolio Builder Fund
iShares Growth Core Portfolio Builder Fund
iShares Global Completion Portfolio Builder Fund
iShares Alternatives Completion Portfolio Builder Fund
(each, an “**iShares Fund**” and collectively, the “**iShares Funds**”).

Each iShares Fund is an exchange-traded fund established as a trust and a commodity pool under the laws of the Province of Ontario. BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds.

Continuous Distribution:

Units of the iShares Funds are offered on a continuous basis and there is no maximum number of Units that may be issued. Each Unit of an iShares Fund represents an equal beneficial interest in that iShares Fund. The iShares Funds are organized as trusts and unitholders of the iShares Funds are not shareholders of a corporation. Units of the iShares Funds are listed on the TSX. Investors may purchase or sell Units on the TSX through a registered broker or dealer in the province or territory where the investor resides. Accordingly, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. Underwriters may purchase a Prescribed Number of Units from the iShares Funds at the Net Asset Value per Unit. See “Purchase of Units – Issuance of Units”.

Investment Objectives of the iShares Funds:

The investment objective of each iShares Fund other than the iShares Alternatives Completion Portfolio Builder Fund, as further described below, is to provide a specified investment result by optimizing the asset mix of its portfolio among multiple asset classes. The investment objective of the iShares Alternatives Completion Portfolio Builder Fund, as further described below, is to provide a specified investment result by optimizing the asset mix of its portfolio among one or more Alternative Asset Classes. See “Investment Objectives”.

The investment objectives of the iShares Funds are as follows:

iShares Conservative Core Portfolio Builder Fund

The iShares Conservative Core Portfolio Builder Fund seeks to provide a combination of income with the potential for long-term capital growth by investing primarily in iShares ETFs that provide exposure to fixed income securities, with the balance invested in iShares ETFs that provide exposure to equity securities and to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

iShares Growth Core Portfolio Builder Fund

The iShares Growth Core Portfolio Builder Fund seeks to provide long-term capital growth by investing primarily in iShares ETFs that provide exposure to equity securities and to one or more Alternative Asset Classes, with the balance invested in iShares ETFs that provide exposure to fixed income securities, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

iShares Global Completion Portfolio Builder Fund

The iShares Global Completion Portfolio Builder Fund seeks to provide long-term capital growth by investing in iShares ETFs that provide exposure to foreign fixed income securities, foreign equity securities and to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

The iShares Global Completion Portfolio Builder Fund is intended to complement an investor's portfolio that consists primarily of Canadian nominal bonds and Canadian equities and as such, it will not typically invest in iShares ETFs, other issuers or derivatives providing exposure to these asset classes.

iShares Alternatives Completion Portfolio Builder Fund

The iShares Alternatives Completion Portfolio Builder Fund seeks to provide long-term capital growth by investing in iShares ETFs that provide exposure to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

The iShares Alternatives Completion Portfolio Builder Fund is intended to complement an investor's portfolio that consists primarily of Canadian equities, Canadian nominal bonds and large capitalization international equities from developed markets and as such, it will not typically invest in iShares ETFs, other issuers or derivatives providing exposure to these asset classes.

Investment Strategies of the iShares Funds

Each iShares Fund may invest in securities issued by the iShares ETFs, provided that such holding by an iShares Fund is consistent with its stated investment objective. The iShares Funds may also invest directly in issuers within these asset classes and in derivatives to achieve their objectives and/or to hedge, or protect, against changes in asset class prices or foreign exchange risks. The iShares Funds may also invest in futures contracts in order to provide market exposure for cash held by such iShares Funds and may hold money market instruments, securities of money market funds or cash to meet their current obligations. In order to meet the investment objective of each iShares Fund, BlackRock Canada will use an asset allocation strategy, as further described below, and may change the iShares ETFs, other issuers and/or derivatives in which an iShares Fund invests, and the percentage of an iShares Fund's investment in such iShares ETFs, other issuers and/or derivatives at any time and from time to time.

BlackRock Canada utilizes a proprietary multi-factor asset selection process to create an asset allocation for each iShares Fund that seeks to identify and optimally diversify certain Fundamental Sources of Return applicable to an iShares Fund, in a manner consistent with the iShares Fund's investment objective.

See "Investment Strategies" for further details of the investment strategies of the iShares Funds.

- Risk Factors:** The risks associated with making an investment in the iShares Funds are described below:
- general risks of investments;
 - risk that securities of the iShares Funds and iShares ETFs will trade at prices other than Net Asset Value per security;
 - securities lending risk;
 - derivative investments risk;
 - risks relating to tax changes;
 - sector risk;
 - risks relating to income trust investments;
 - liquidity risk;
 - smaller issuer risk;
 - credit risk;
 - risks relating to real return bonds;
 - foreign investments/currency risk;
 - currency hedging strategies risk;
 - high yield risk;
 - private equity risk;
 - investments in property securities risk; and
 - commodity risk.

Additional risks relating to an iShares Fund's investment in iShares ETFs include:

- general risks of investing in an index fund and passive investment risk;
- risks relating to index replication strategies;
- calculation of index levels and termination of the indices risk;
- purpose of the indices risk;
- index adjustments risk;
- issuer concentration risk;
- cease trading of securities risk; and
- indirect investments in debt securities through U.S. iShares Funds risk.

See "Risk Factors".

Special Considerations for Unitholders:

The iShares Funds have obtained exemptive relief from certain provisions contained in securities legislation such that the so-called "early warning" requirements set out in Canadian securities legislation will not apply in connection with the acquisition of Units. In addition, based upon the exemptive relief granted by the Canadian securities regulatory authorities, a unitholder may acquire more than 20% of the Units of any iShares Fund through purchases on the TSX without regard to the takeover bid requirements of applicable securities legislation, provided that such unitholder, as well as any person acting jointly or in concert with the unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of that iShares Fund.

Market participants are permitted to sell Units of any iShares Fund short and at any price without regard to the restrictions of the Universal Market Integrity Rules adopted by Canadian securities regulatory authorities that generally prohibit selling securities short unless the price is at or above the last sale price. See "Exemptions and Approvals".

Units may in certain circumstances be “mark-to-market property” for purposes of the “mark-to-market” rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually, on income account, any accrued gains and losses on securities that are “mark-to-market property”.

See “Purchase of Units – Buying and Selling Units – Special Considerations for Unitholders” and “Exemptions and Approvals”.

Exchange: Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. See “Exchange and Redemption of Units – Exchange of Units at Net Asset Value per Unit for Baskets of Securities and Cash”.

Redemption: Unitholders may redeem Units of any iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash. No fees or expenses are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the TSX. See “Exchange and Redemption of Units”.

Distribution Policy: On an annual basis, each iShares Fund will ensure that the net income and net realized capital gains of the iShares Fund have been distributed to unitholders to such an extent that the iShares Fund will not be liable for ordinary income tax thereon. To the extent that any iShares Fund has not distributed the full amount of its net income or net capital gains in cash in any year, the difference between such amount and the amount actually distributed by the iShares Fund in cash will be paid as a “reinvested distribution”. Reinvested distributions will be reinvested automatically in additional Units of the applicable iShares Fund at a price equal to the Net Asset Value per Unit of the applicable iShares Fund and the Units of that iShares Fund will be immediately consolidated such that the number of outstanding Units of the applicable iShares Fund following the distribution will equal the number of Units of the applicable iShares Fund outstanding prior to the distribution.

Distributions on Units of the iShares Funds are expected to be made at least semi-annually.

See “Distribution Policy”.

Termination: The iShares Funds do not have a fixed termination date but may be terminated by BlackRock Canada on not less than 60 days’ and not more than 90 days’ notice to unitholders. See “Termination of the iShares Funds”.

Eligibility for Investment: Provided that the Units of the iShares Funds continue to be listed on the TSX or that the iShares Funds continue to qualify as mutual fund trusts under the Tax Act or are registered investments under the Tax Act, the Units will be qualified investments under the Tax Act for Registered Plans. In the opinion of counsel, the Units will qualify as “marketable securities” as that term is used in the Tax Act provided that the Units continue to be listed on the TSX. Notwithstanding the foregoing, if Units of an iShares Fund are a “prohibited investment” for a tax-free savings account (“TFSA”) that acquires such Units, the holder of the TFSA will be subject to a penalty tax as set out in the Tax Act. If recently proposed changes to the Tax Act are enacted, similar rules will apply with respect to a trust governed by a registered retirement savings plan or a registered retirement income fund effective March 23, 2011. See “Income Tax Considerations – Status of the iShares Funds”.

Non-Resident Unitholders: In order for an iShares Fund to maintain its status as a mutual fund trust (for the purposes of the Tax Act), in certain circumstances, the iShares Fund cannot be established or maintained primarily for the benefit of non-residents of Canada. No iShares Fund will accept any subscription for Units from any person, issue any Units to any person or register or otherwise recognize the transfer of any Units to any person if, after giving effect thereto, the percentage of Units beneficially owned, directly or indirectly, by persons who are non-residents of Canada would be within 5% of, or would be otherwise approaching (as determined by BlackRock Canada), the limit permitted under the Tax Act, as amended from time to time. The Master Declaration of Trust of the iShares Funds includes a mechanism to permit the iShares Funds to sell Units held by non-resident persons when their holdings result in contravention of this restriction.

Organization and Management of the iShares Funds:

Trustee, Manager and Portfolio Adviser

BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds. The address of the iShares Funds is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario, M5J 2S1.

See “Organization and Management Details of the iShares Funds – Trustee, Manager and Portfolio Adviser”.

Sub-Adviser

BlackRock Institutional Trust Company, N.A. (“BTC”), a national banking association organized under the laws of the United States, is the sub-adviser of the iShares Funds and is responsible for their respective investment activities, subject to the policies, control and supervision of BlackRock Canada. BTC’s principal office is located in San Francisco, California. See “Organization and Management Details of the iShares Funds – Sub-Adviser”.

Custodian

State Street Trust Company Canada (“SSTCC”) is the custodian of the iShares Funds pursuant to a service module (the “**Custody Agreement**”) between BlackRock Canada, in its capacity as investment adviser and trustee of the iShares Funds, and SSTCC dated as of December 19, 2008, as amended from time to time. SSTCC’s principal office is located in Toronto, Ontario. See “Organization and Management Details of the iShares Funds – Custodian”.

SSTCC has appointed BTC, BRAL and SSBT as subcustodians pursuant to subcustodial agreements entered into by SSTCC or its predecessor company, IBT Trust Company (Canada). See “Organization and Management Details of the iShares Funds – Custodian”.

Registrar and Transfer Agent

The registrar and transfer agent for the Units is SSTCC at its principal offices in Toronto, Ontario. See “Organization and Management Details of the iShares Funds – Registrar and Transfer Agent”.

Auditor

The auditor of the iShares Funds is PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario. See “Organization and Management Details of the iShares Funds – Auditor”.

**Documents
Incorporated by
Reference:**

During the period in which the iShares Funds are in continuous distribution, additional information will be available in the most recently filed comparative annual financial statements, any interim financial statements filed after the most recent comparative annual financial statements, the most recently filed annual MRFP and any interim MRFP filed after the annual MRFP of each iShares Fund. These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. These documents are publicly available on the iShares Funds web site at www.ishares.ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are publicly available at www.sedar.com. See "Documents Incorporated by Reference".

SUMMARY OF FEES AND EXPENSES

The table below lists the fees and expenses payable by the iShares Funds. The value of a unitholder's investment in an iShares Fund will be reduced by the amount of fees and expenses charged to such iShares Fund. See "Fees and Expenses".

Fees and Expenses Payable by the iShares Funds

BlackRock Canada is entitled to receive a fee for acting as trustee, manager and portfolio adviser of each iShares Fund (the "**management fee**"). In addition, BlackRock Canada or an affiliate is entitled to receive a fee for acting as trustee or manager of each iShares ETF in which an iShares Fund will invest (an "**underlying product fee**" and together with the management fee, the "**total annual fee**"). As the underlying product fees are embedded in the market value of the iShares ETFs in which the iShares Funds invest, the underlying product fees are paid indirectly by the iShares Funds. Although the aggregate amounts of the underlying product fees will vary depending on the allocation of the assets of the iShares Fund amongst the iShares ETFs, BlackRock Canada will adjust the management fee payable to it by the iShares Fund to ensure that the total annual fees paid directly or indirectly to BlackRock Canada and its affiliates by an iShares Fund will not exceed the following percentage of the Net Asset Value of each iShares Fund:

<u>iShares Fund</u>	<u>Total Annual Fees</u>
iShares Conservative Core Portfolio Builder Fund	0.60%
iShares Growth Core Portfolio Builder Fund	0.60%
iShares Global Completion Portfolio Builder Fund	0.70%
iShares Alternatives Completion Portfolio Builder Fund	0.70%

The management fees paid directly to BlackRock Canada by each iShares Fund are calculated and accrued daily and are generally paid monthly, but in any case not less than quarterly. The management fee is exclusive of HST. The underlying product fees paid indirectly by each iShares Fund are calculated and accrued daily and are paid not less than annually.

The iShares Funds are also responsible for fees and expenses incurred in complying with NI 81-107 including the fees payable and expenses reimbursed to members of the independent review committee, brokerage expenses and commissions, income tax, HST, withholding and other taxes.

Fees and Expenses Payable by BlackRock Canada

BlackRock Canada is responsible for each of the iShares Fund's fees and expenses except the fees and expenses payable by the iShares Fund described under "Fees and Expenses Payable by the iShares Funds". The costs and expenses for which BlackRock Canada is responsible include the fees payable to the sub-adviser, custodian, registrar and transfer agent and other service providers retained by BlackRock Canada as described under "Organization and Management Details of the iShares Funds — Duties and Services to be Provided by BlackRock Canada".

BlackRock Canada may agree to charge a reduced total annual fee as compared to the total annual fee that BlackRock Canada and its affiliates would otherwise be entitled to receive from the iShares Funds with respect to large investments in the iShares Funds by unitholders. In such cases, an amount equal to the difference between the total annual fee otherwise chargeable and the reduced total annual fee will be distributed to the applicable unitholders as Management Fee Distributions.

Administrative Fee to Offset Certain Transaction Costs

In connection with exchanges or redemptions of Units of an iShares Fund, BlackRock Canada may charge to the unitholder effecting the exchange or redemption, at its discretion, an administrative fee as a percentage of the exchange or redemption proceeds to offset certain transaction costs incurred in connection with the exchange or redemption. Currently, BlackRock Canada has set these discretionary administrative fees as follows:

Each iShares Fund - up to 0.15% of proceeds.

The administrative fee will not be charged to a unitholder in connection with the buying or selling of Units of an iShares Fund on the TSX.

Harmonized Sales Tax

An iShares Fund is required to pay HST on management fees and administration fees charged to the iShares Fund. Prior to July 1, 2010, GST applied at a rate of 5% to these fees. Beginning on July 1, 2010, HST, which combines the provincial sales tax of certain provinces with GST, applied and continues to apply to these fees at a tax rate higher than that of GST. In general, the total HST paid by an iShares Fund will depend on the distribution by provincial residence of an iShares Fund's unitholders. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of an iShares Fund's unitholders will have an impact on the MER of an iShares Fund year over year.

Annual Returns and Management Expense Ratio

The indicated rates of return below are the historical total returns including changes in unit values and assumes reinvestment of cash distribution as set out below. The reinvestment of distributions increases returns. These returns do not take into account customary brokerage expenses or commissions incurred by unitholders when buying or selling Units on the TSX, administrative fees or income taxes payable by any unitholder that would have reduced returns. Data is provided only for full calendar years in which an iShares Fund was in distribution.

⁽¹⁾ "MER" means management expense ratio and is based on total fees and expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average daily Net Asset Value during the period. BlackRock Canada, while not responsible for any taxes, had been paying the GST from its management fee for XCR, XGR XGC and XAL. It ceased to do this on July 1, 2010. See "Fees and Expenses Payable by BlackRock Canada" and "Harmonized Sales Tax".

⁽²⁾ Assumes reinvestment of all cash distributions during the period in additional Units at the Net Asset Value per Unit at the time of distribution.

⁽³⁾ Returns at market price based on the TSX closing price. Assumes reinvestment of all cash distributions during the period in additional Units at the market price per Unit at the time of distribution.

XCR	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.61%	0.60%	N/A	N/A	N/A
MER before absorptions ⁽¹⁾	0.62%	0.62%	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	7.75%	9.75%	N/A	N/A	N/A
Annual return at market price ⁽³⁾	7.00%	9.46%	N/A	N/A	N/A

XGR	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.61%	0.60%	N/A	N/A	N/A
MER before absorptions ⁽¹⁾	0.61%	0.62%	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	9.74%	14.30%	N/A	N/A	N/A
Annual return at market price ⁽³⁾	9.05%	16.51%	N/A	N/A	N/A

XGC	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.72%	0.70%	N/A	N/A	N/A
MER before absorptions ⁽¹⁾	0.72%	0.72%	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	8.89%	15.34%	N/A	N/A	N/A
Annual return at market price ⁽³⁾	7.64%	14.72%	N/A	N/A	N/A

<u>XAL</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.71%	0.70%	N/A	N/A	N/A
MER before absorptions ⁽¹⁾	0.71%	0.71%	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	10.06%	16.92%	N/A	N/A	N/A
Annual return at market price ⁽³⁾	9.43%	17.00%	N/A	N/A	N/A

OVERVIEW OF THE LEGAL STRUCTURE OF THE iSHARES FUNDS

Each of the iShares Funds is an exchange-traded fund established as a trust under the laws of the Province of Ontario pursuant to a master declaration of trust amended and restated as of August 31, 2011 governing the iShares Funds, as may be amended and/or restated from time to time (the “**Master Declaration of Trust**”).

While each iShares Fund is a mutual fund, it is also a commodity pool pursuant to securities legislation of certain provinces and territories of Canada and has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. As a commodity pool, certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply to the iShares Funds. See “Exemptions and Approvals”.

The principal office of the iShares Funds is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario, M5J 2S1.

The full legal name of each iShares Fund, as well as its TSX ticker symbol is set out below:

Legal Name of iShares Fund	TSX Ticker Symbol
iShares Conservative Core Portfolio Builder Fund	XCR
iShares Growth Core Portfolio Builder Fund	XGR
iShares Global Completion Portfolio Builder Fund	XGC
iShares Alternatives Completion Portfolio Builder Fund	XAL

INVESTMENT OBJECTIVES

The investment objectives of the iShares Funds are as follows:

iShares Conservative Core Portfolio Builder Fund

The iShares Conservative Core Portfolio Builder Fund seeks to provide a combination of income with the potential for long-term capital growth by investing primarily in iShares ETFs that provide exposure to fixed income securities, with the balance invested in iShares ETFs that provide exposure to equity securities and to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

iShares Growth Core Portfolio Builder Fund

The iShares Growth Core Portfolio Builder Fund seeks to provide long-term capital growth by investing primarily in iShares ETFs that provide exposure to equity securities and to one or more Alternative Asset Classes, with the balance invested in iShares ETFs that provide exposure to fixed income securities, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

iShares Global Completion Portfolio Builder Fund

The iShares Global Completion Portfolio Builder Fund seeks to provide long-term capital growth by investing in iShares ETFs that provide exposure to foreign fixed income securities, foreign equity securities and to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

The iShares Global Completion Portfolio Builder Fund is intended to complement an investor's portfolio that consists primarily of Canadian nominal bonds and Canadian equities and as such, it will not typically invest in iShares ETFs, other issuers or derivatives providing exposure to these asset classes.

iShares Alternatives Completion Portfolio Builder Fund

The iShares Alternatives Completion Portfolio Builder Fund seeks to provide long-term capital growth by investing in iShares ETFs that provide exposure to one or more Alternative Asset Classes, allocated in such manner as BlackRock Canada shall determine from time to time. Exposure to these asset classes may also be obtained by direct investment in issuers within these asset classes and/or through the use of derivatives.

The iShares Alternatives Completion Portfolio Builder Fund is intended to complement an investor's portfolio that consists primarily of Canadian equities, Canadian nominal bonds and large capitalization international equities from developed markets and as such, it will not typically invest in iShares ETFs, other issuers or derivatives providing exposure to these asset classes.

INVESTMENT STRATEGIES

Each iShares Fund may invest in securities issued by the iShares ETFs and/or the securities issued by any other issuer, provided that such holding by an iShares Fund is consistent with its investment objective. The iShares Funds may also invest in derivatives to achieve their objectives and/or to hedge, or protect, against changes in asset class prices or foreign exchange risks. The iShares Funds may also invest in futures contracts in order to provide market exposure for cash held by such iShares Funds and may hold money market instruments, securities of money market funds or cash to meet their current obligations. In order to meet the investment objective of each iShares Fund, BlackRock Canada will use an asset allocation strategy, as further described below, and may change the iShares ETFs, other issuers and/or derivatives in which an iShares Fund invests, and the percentage of an iShares Fund's investment in such iShares ETFs, other issuers and/or derivatives at any time and from time to time.

BlackRock Canada utilizes a proprietary multi-factor asset selection process (the "selection process") to create an asset allocation for each iShares Fund. In the selection process, BlackRock Canada seeks to identify and optimally diversify certain Fundamental Sources of Return applicable to an iShares Fund, in a manner consistent with the iShares Fund's investment objective. The Fundamental Sources of Return identified by BlackRock Canada include exposure to interest rates, inflation, credit quality, liquidity premium, incomplete information/transparency, global and domestic economic growth, political uncertainty and foreign currencies. The magnitude of an iShares Fund's exposure to one or more Fundamental Sources of Return, as well as the relationships between them, will affect the portfolio risk of each iShares Fund. Portfolio risk is defined as the volatility of expected investment returns. Greater risk is generally expected to be rewarded with greater return potential; this is often referred to as the risk/return premium. The selection process determines, for each iShares Fund, its level of exposure to the Fundamental Sources of Return and its level of risk. BlackRock Canada will seek to create an asset allocation for each iShares Fund which is expected to provide the greatest risk adjusted return potential while remaining consistent with the iShares Fund's investment objective. BlackRock Canada will apply the selection process to each iShares Fund at least once per quarter and more often if market conditions warrant, and, if it considers it appropriate, rebalance the portfolio of the iShares Fund.

Fundamental Sources of Return

The performance of an iShares Fund is related to its underlying investments, including the iShares ETFs and other issuers. Therefore, an investment in any iShares Fund should be made with an understanding that the returns of its underlying investments are determined by the magnitude and composition of their exposure to one or more of the Fundamental Sources of Return. The Fundamental Sources of Return described below are associated with some degree of investment risk, or the degree to which the iShares Fund's investments fluctuate in price. The return/risk premium (the "return premium") associated with these Fundamental Sources of Return will fluctuate over time and in turn must be diversified and optimized within the context of the investment objective of each iShares Fund. BlackRock Canada will attempt to optimize and diversify the Fundamental Sources of Return in the selection process; however, there is no assurance that BlackRock Canada will be successful. See "Risk Factors".

Interest Rates

The value of a security is affected by changes in the general level of interest rates. The level of interest rates is influenced by the monetary policies of governments and/or central banks. They are typically lowered to combat unemployment and weak economic activity, or raised to combat rapid economic growth and the threat of inflation. Certain asset types, particularly fixed income securities, decrease in value when interest rates rise and increase in value when interest rates decline, and generally the prices of longer-term fixed income securities are more sensitive to changes in interest rates than the prices of shorter-term fixed income securities. The greater volatility of longer-term fixed income securities typically results in higher expected returns.

Inflation

The purchasing power of securities and other assets decrease as inflation increases. Estimating future inflation is difficult; however, the value of certain asset classes will typically increase with the rate of inflation, and may therefore provide more direct and explicit protection against the loss of purchasing power. Inflation linked bonds, natural resource companies and physical commodities are examples of asset classes whose values are, to varying degrees, directly related to changes in inflation and may therefore provide a hedge against inflation.

Credit Quality

The value of a fixed income security is influenced by the credit quality and related credit risk of the issuer of the security. Credit risk is the risk that the issuer of the security will be unable to make interest payments or pay back the original investment. Fixed income securities issued by emerging companies or governments in emerging markets often have higher credit risk. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk. Investments in companies or markets with high credit risk tend to be more volatile, tend to be more adversely affected by poor overall economic conditions, and may be less liquid or more difficult to sell at an advantageous time or price when compared to higher-rated securities. However, securities with higher credit risk may offer the potential of higher returns over the long term.

Liquidity Premium

The value of a security is affected by the ability to trade the security quickly, in reasonable quantities and at a reasonable price. The inability to transact quickly to either prevent a loss or lock in a gain generally results in a higher expected return premium. Emerging markets or private equity securities are examples of asset classes where a return premium should be present due to liquidity risks.

Incomplete Information/Transparency

The value of a security is affected by the availability of information regarding the issuer of the security and the transparency of the issuer's activities. Reliable and consistent standards of accounting, auditing, financial reporting, and disclosure affects an investor's ability to make informed investment decisions. Where those standards are less robust, an investor will have difficulty obtaining accurate information on an investment, which increases the risk of investment loss. The provision and dissemination of information tends to be high for securities traded on a public exchange in developed countries; however, developing countries or non-exchange-traded securities, such as bonds, can suffer from a lack of information and transparency. A return premium should exist that reflects the lack of availability, reliability and transparency of information regarding the issuer.

Global and Domestic Economic Growth

The value of a business of an issuer and, in turn, its securities are affected by the general economic activity of the countries in which it operates. In addition, not all businesses and securities are affected in the same way by global and domestic economic activity. For example, companies oriented around discretionary consumer products will respond to changes in economic activity differently than companies in a regulated industry such as utilities, or companies selling products locally will respond differently than companies that primarily export their products to foreign markets. Also, as noted above under "Credit Quality", lower rated fixed income securities tend to be more

adversely affected by poor overall economic conditions compared to higher rated fixed income securities. A return premium should exist within an investment that reflects its sensitivity to underlying economic activity.

Political Uncertainty

The stability and composition of foreign governments may create risks for investment activities in those countries. The imposition of currency controls may make it difficult to repatriate an investment and may significantly devalue a foreign currency. Civil unrest or government corruption may directly impact underlying business operations and investments. In some countries, there may be difficulties in enforcing contractual obligations and investments could be adversely affected by political instability, social instability, expropriation, corruption or confiscatory taxation. A return premium should exist that reflects the degree of political risk that may be present given the location of the issuer and/or asset class.

Foreign Currencies

Investments in foreign securities involve unique risks not typically associated with investing in Canada, including foreign currency exposure. Investments in foreign securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Thus, the value of securities within the portfolio of an iShares Fund or an iShares ETF or other issuer in which the iShares Fund invests may be worth more or less depending on their susceptibility to foreign exchange rates. A return premium should exist that reflects the degree of foreign currency risk that may be present in an issuer and/or asset class.

No Duplication of Fees

Where an iShares Fund invests in iShares ETFs, there will be no duplication of management fees. See “Fees and Expenses – Fees and Expenses Payable to BlackRock Canada”.

Use of Derivatives

Each of the iShares Funds may use derivatives provided that the use of such derivatives is consistent with the investment objective and strategy of the iShares Fund.

The iShares Funds are managed in accordance with the restrictions and practices related to derivatives set out in NI 81-104. Securities legislation distinguishes between the use of derivatives for hedging purposes and for non-hedging purposes. “Hedging” refers to investments that are intended to offset or reduce a specific risk associated with all or a portion of an existing investment. Commodity pools, such as the iShares Funds, are accorded greater flexibility to invest using derivatives for non-hedging purposes than mutual funds that are not subject to NI 81-104.

Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. The underlying interests of derivatives include a wide variety of assets or financial instruments, such as agricultural products, energy products, and base or precious metals (commonly called commodities), interest rates, currencies and stock indices.

The following is a general discussion of the more common derivatives which may be employed by the iShares Funds, but it is not an exhaustive discussion of all derivatives in which the iShares Funds may invest.

Swaps and Forward Agreements

In general, swap and forward agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a day to more than one year. In a standard “swap” or “forward” transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be “swapped” or exchanged between the parties are calculated with

respect to a “notional amount”. For example, a notional amount may be a specified dollar amount on which the exchanged interest payments are based.

Most swap and forward agreements entered into by the iShares Funds calculate and settle the obligations of the parties to the agreement on a “net basis” with a single payment. Consequently, the iShares Funds’ current obligations (or rights) under a swap or forward agreement generally will only be equal to the net amount to be paid or received under the agreement based on the relative values of such obligations (or rights). In addition to assisting in the pursuit of the iShares Fund’s investment objective, total return swap or forward agreements may be entered into as a substitute for investing directly in securities (or shorting securities), or to hedge a position.

Futures Contracts and Related Options

Futures contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. The contractual obligations, depending upon whether one is a buyer or a seller, may be satisfied either by taking or making, as the case may be, physical delivery of an approved quantity and grade of commodity or by making an offsetting sale or purchase of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which a futures contract is sold or purchased and the price paid for the offsetting purchase or sale, after allowance for brokerage commissions, constitutes the profit or loss to the trader. In market terminology, a trader who purchases a futures contract is “long” in the market and a trader who sells a futures contract is “short” in the market. Before a trader closes out a long or a short position by an offsetting sale or purchase, respectively, the trader’s outstanding contracts are known as “open trades” or “open positions”. The aggregate number of open trades or open positions held by traders in a particular contract is referred to as the “open interest” in such contract.

An option on a futures contract gives the buyer of the option the right to take a position at a specified price (the “striking”, “strike” or “exercise” price) in the underlying futures contract. The buyer of a “call” option acquires the right to take a long position in the underlying futures contract, and the buyer of a “put” option acquires the right to take a short position in the underlying futures contract.

Debt-like Securities

A debt-like security generally evidences an indebtedness by an issuer where either (i) the amount of principal, interest or principal and interest to be paid to the holder of the debt-like security is linked in whole or in part by a formula to the appreciation or depreciation in the market price, value or level of one or more underlying interests on a predetermined date or dates or (ii) the security provides the holder with a right to convert or exchange the security into or for the underlying interest or to purchase the underlying interest.

Index Options

An iShares Fund may purchase and write options on stock indices to create investment exposure consistent with its investment objective, hedge or limit the exposure of its positions, or create synthetic money market positions in accordance with the investment restrictions imposed by NI 81-102 and NI 81-104.

A stock index fluctuates with changes in the market values of the stocks included in the index. Options on stock indices give the holder the right to receive an amount of cash upon the exercise of the option. Receipt of this cash amount will depend upon the closing level of the stock index upon which the option is based being greater than (in the case of a call) or less than (in the case of a put) the exercise price of the option. The amount of cash received, if any, will be the difference between the closing price of the index and the exercise price of the option, multiplied by a specified dollar multiple. The writer (seller) of the option is obligated, in return for the premiums received from the purchaser of the option, to make delivery of this amount to the purchaser. All settlements of index option transactions are in cash.

Securities Lending

Securities lending transactions may be utilized by the iShares Funds to provide incremental return to the iShares Funds in a manner that is consistent with the investment objectives of the iShares Funds. Securities lending is also a means of generating income for the purpose of meeting the iShares Funds' current obligations.

The iShares Funds may lend securities that it holds itself or through an agent, to brokers, dealers, other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act.

The iShares Funds have engaged BTC as lending agent, subject to the overriding authority of BlackRock Canada. BTC is a national banking association under the laws of the United States of America with considerable experience and expertise in securities lending, including on behalf of U.S. pension funds, as permitted by the U.S. *Employee Retirement Income Security Act of 1974*. In addition, the iShares Funds have engaged BlackRock Advisors (UK) Limited ("BRAL"), a corporation incorporated under the laws of England and Wales, as lending agent, again subject to the overriding authority of BlackRock Canada. BRAL is authorized and regulated by the Financial Services Authority in the United Kingdom. BRAL has extensive experience acting as lending agent and regularly arranges loans of equities and fixed income products in a range of countries across the U.S., Europe and Asia. The iShares Funds may engage other affiliates of BlackRock Canada as lending agent.

Under applicable securities legislation, the collateral posted by a securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the securities loaned by an iShares Fund at any time is not permitted to exceed 50% of the total assets of the iShares Fund (excluding any collateral received from securities lending activities). Any cash collateral acquired by an iShares Fund is permitted to be itself invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

OVERVIEW OF WHAT THE iSHARES FUNDS INVEST IN

The iShares Funds may invest in any iShares ETFs, other issuers and/or derivatives to achieve their objectives and/or to hedge, or protect, against changes in asset class prices or foreign exchange risks. The iShares Funds may also invest in futures contracts in order to provide market exposure for cash held by such iShares Funds and may hold money market instruments or cash to meet their current obligations.

iShares ETFs

Canadian iShares Funds

The Canadian iShares Funds are exchange-traded funds that are listed on the TSX and managed by BlackRock Canada or an affiliate. The investment objective of each Canadian iShares Fund is to provide long-term capital growth or income, as applicable, by replicating the performance of its applicable index, net of expenses. To achieve their objectives, the Canadian iShares Funds, directly or indirectly, invest in a portfolio of securities that as far as possible and practicable consists of the constituent securities of the applicable index in the same proportion as they are reflected in such index.

Certain Canadian iShares Funds whose objective is to replicate, to the extent possible, the performance of an index, net of expenses, may employ a "stratified sampling" strategy. Under this stratified sampling strategy such Canadian iShares Funds may not hold all of the securities that are included in the applicable index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics (e.g. sector, credit quality, yield and term to maturity) of the securities included in the applicable index.

Dublin iShares Funds

Pursuant to regulatory approval that has been received by the iShares Funds, the iShares Funds may invest in any Dublin iShares Funds. The Dublin iShares Funds are exchange-traded funds that are primarily listed on the London

Stock Exchange, whose manager is BlackRock Asset Management Ireland Limited and whose investment manager is BlackRock Advisors (UK) Limited. The investment objective of each Dublin iShares Fund is to provide a total return, taking into account both capital and income returns, which reflects the return of the applicable index, net of expenses. To achieve their objectives, the Dublin iShares Funds may hold the component securities of the applicable index or otherwise invest in a manner that will enable the Dublin iShares Funds to replicate the performance of the applicable index in accordance with the rules on eligible assets prescribed by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003. The base denomination of the shares of the Dublin iShares Funds varies depending on the fund.

U.S. iShares Funds

The U.S. iShares Funds are exchange traded funds that are listed on one or more recognized U.S. stock exchanges and managed by BlackRock Fund Advisors (“BFA”). The investment objective of each U.S. iShares Fund is to seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index (an “**Underlying Index**”) or physical commodity. To achieve their objectives, the U.S. iShares Funds will invest in securities of constituent issuers or derivatives or will hold the physical commodity, as the case may be. The U.S. iShares Funds may also generally invest a percentage of their assets in securities not included in the Underlying Index, but which BFA believes will help track its Underlying Index, and in futures contracts, options on futures contracts, options and swaps as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. Shares of the U.S. iShares Funds are denominated in U.S. dollars.

In the case of a U.S. iShares Fund which tracks an Underlying Index, BFA may use a “representative sampling” indexing strategy. Representative sampling is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Underlying Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit ratings and/or yield) and liquidity measures similar to those of the relevant Underlying Index. A U.S. iShares Fund may or may not hold all of the securities that are included in the relevant Underlying Index.

Derivatives

Each iShares Fund may invest in derivatives as discussed above under “Investment Strategies – Use of Derivatives”.

INVESTMENT RESTRICTIONS

The iShares Funds are subject to certain restrictions and practices contained in securities legislation, including NI 81-102, NI 81-104 and NI 81-107. The iShares Funds are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities or as permitted by NI 81-107 (see “Exemptions and Approvals” below). A change to the investment objective of an iShares Fund would require the approval of unitholders (see “Unitholder Matters – Matters Requiring Unitholder Approval”).

Each iShares Fund is also restricted from undertaking any activity that would result in such iShares Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act.

FEES AND EXPENSES

Fees and Expenses Payable by the iShares Funds

BlackRock Canada is entitled to receive a fee for acting as trustee, manager and portfolio adviser of each iShares Fund (the “**management fee**”). In addition, BlackRock Canada or an affiliate is entitled to receive a fee for acting as trustee or manager of each iShares ETF in which an iShares Fund will invest (an “underlying product fee” and together with the management fee, the “**total annual fee**”). As the underlying product fees are embedded in the market value of the iShares ETFs in which the iShares Funds invest, the underlying product fees are paid indirectly

by the iShares Funds. Although the aggregate amounts of the underlying product fees will vary depending on the allocation of the assets of the iShares Fund amongst the iShares ETFs, BlackRock Canada will adjust the management fee payable to it by the iShares Fund to ensure that the total annual fees paid directly or indirectly to BlackRock Canada and its affiliates by an iShares Fund will not exceed the following percentage of the Net Asset Value of each iShares Fund:

<u>iShares Fund</u>	<u>Total Annual Fees</u>
iShares Conservative Core Portfolio Builder Fund	0.60%
iShares Growth Core Portfolio Builder Fund	0.60%
iShares Global Completion Portfolio Builder Fund	0.70%
iShares Alternatives Completion Portfolio Builder Fund	0.70%

The management fees paid directly to BlackRock Canada by each iShares Fund are calculated and accrued daily and are generally paid monthly, but in any case not less than quarterly. The underlying product fees paid indirectly by each iShares Fund are calculated and accrued daily and are paid not less than annually.

The iShares Funds are also responsible for fees and expenses incurred in complying with NI 81-107 including the fees payable and expenses reimbursed to members of the independent review committee, brokerage expenses and commissions, income tax, HST, withholding and other taxes.

Fees and Expenses Payable by BlackRock Canada

BlackRock Canada is responsible for each of the iShares Fund's fees and expenses except the fees and expenses payable by the iShares Fund described under "Fees and Expenses Payable by the iShares Funds". The costs and expenses for which **BlackRock** Canada is responsible include the fees payable to the sub-adviser, custodian, registrar and transfer agent and other service providers retained by BlackRock Canada as described under "Organization and Management Details of the iShares Funds — Duties and Services to be Provided by BlackRock Canada".

Harmonized Sales Tax

An iShares Fund is required to pay HST on management fees and administration fees charged to the iShares Fund. Prior to July 1, 2010, GST applied at a rate of 5% to these fees. Beginning on July 1, 2010, HST, which combines the provincial sales tax of certain provinces with GST, applied and continues to apply to these fees at a tax rate higher than that of GST. In general, the total HST paid by an iShares Fund will depend on the distribution by provincial residence of an iShares Fund's unitholders. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of an iShares Fund's unitholders will have an impact on the MER of an iShares Fund year over year.

Management Fee Distributions

BlackRock Canada may agree to charge a reduced total annual fee as compared to the total annual fee that BlackRock Canada and its affiliates otherwise would be entitled to receive from the iShares Funds with respect to investments in the iShares Funds by unitholders who hold a minimum amount of Units during any period as specified by BlackRock Canada from time to time. An amount equal to the difference between the total annual fee otherwise chargeable and the reduced total annual fee of the iShares Funds will be distributed quarterly in cash by the iShares Funds to those unitholders as Management Fee Distributions.

The availability and amount of Management Fee Distributions with respect to Units of an iShares Fund will be determined by BlackRock Canada. Management Fee Distributions will generally be calculated and applied based on a unitholder's average holdings of Units (excluding Units lent under the terms of securities lending agreements) over each applicable period as specified by BlackRock Canada from time to time. Management Fee Distributions will be

available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other participants in CDS who hold Units in CDS on behalf of beneficial unitholders. Management Fee Distributions will be paid first out of income and capital gains of the iShares Funds and then out of capital. See “Income Tax Considerations – Taxation of Unitholders” for further details. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units must submit a claim for a Management Fee Distribution that is verified by a CDS participant on the beneficial owner’s behalf and provide BlackRock Canada with such further information as BlackRock Canada may require in accordance with the terms and procedures established by BlackRock Canada from time to time.

BlackRock Canada reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by the iShares Funds generally will be borne by the unitholders receiving these distributions.

Administrative Fee to Offset Certain Transaction Costs

In connection with exchanges or redemptions of Units of an iShares Fund, BlackRock Canada may charge to the unitholder effecting the exchange or redemption, at its discretion, an administrative fee as a percentage of the exchange or redemption proceeds to offset certain transaction costs incurred in connection with the exchange or redemption. Currently, BlackRock Canada has set these discretionary administrative fees as follows:

Each iShares Fund - up to 0.15% of proceeds.

The administrative fee will not be charged to a unitholder in connection with the buying or selling of Units of an iShares Fund on the TSX.

RISK FACTORS

The risks associated with making an investment in the iShares Funds are described below.

General Risks Relating to an Investment in the iShares Funds

General Risks of Investments

An investment in any iShares Fund should be made with an understanding that the value of its investments may fluctuate in accordance with changes in the financial condition of equity, bond and currency markets generally and other factors. The identity and weighting of the iShares ETFs and other issuers in each iShares Fund also changes from time to time.

The risks inherent in investing in equity and fixed income securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock or bond market may deteriorate (either of which may cause a decrease in the value of the securities in which an iShares Fund invests and thus in the value of Units of the iShares Funds). Equity securities are susceptible to general stock market fluctuations. Fixed income securities are susceptible to general interest rate fluctuations and to changes in investors’ perception of inflation expectations and the condition of the issuer. Investments in foreign equity and debt markets may carry even greater risk. 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 and banking crises.

The value of a security may decline for a number of reasons related to the issuer, such as management performance, financial leverage, corporate actions or events and reduced demand for the issuer’s goods and services.

The iShares Funds may, directly or indirectly, invest in physical commodities or futures contracts that relate to physical commodities, which are speculative and can be extremely volatile. Prices of physical commodities and

related futures contracts may change significantly as a result of supply and demand, speculation, international monetary and political factors, government and central bank activity and changes in interest rates and currency values.

iShares ETFs investing in fixed income securities may be affected by a general decline in the global or country specific bond markets. Further, distributions of income on the securities of such iShares ETFs and other issuers (and ultimately on the Units of the iShares Funds) will generally depend upon the ongoing payment of coupon interest and there can be no assurance that issuers of fixed income securities will continue to pay coupon interest.

Risk that Securities of the iShares Funds and iShares ETFs will Trade at Prices Other than Net Asset Value per Security

The securities of the iShares Funds and the iShares ETFs held by the iShares Funds may trade below, at, or above their respective net asset values per security. The net asset values per security will fluctuate with changes in the market value of the holdings of an iShares Fund or an iShares ETF. The trading prices of the securities of an iShares Fund or an iShares ETF will fluctuate in accordance with changes in the net asset value per security of the iShares Fund or iShares ETF, as well as market supply and demand on the stock exchanges on which such iShares Fund or iShares ETF is listed. However, given that unitholders may subscribe for or exchange a Prescribed Number of Units of any iShares Fund at the Net Asset Value per Unit, BlackRock Canada believes that large discounts or premiums to the Net Asset Value per Unit of the iShares Funds should not be sustained.

If a unitholder or an iShares Fund purchases securities of an iShares Fund or an iShares ETF at a time when the market price of a security is at a premium to the net asset value per security or sells securities of an iShares Fund or an iShares ETF at a time when the market price of a security is at a discount to the net asset value per security, the unitholder or iShares Fund may sustain a loss.

Securities Lending Risk

The iShares Funds are permitted to engage in securities lending. Although an iShares Fund benefits from an indemnity from Barclays Bank PLC and will also receive collateral in excess of the value of the securities on loan in connection with all loans of securities, and such collateral is marked to market, the applicable iShares Fund would be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities and the iShares Fund cannot realize on Barclays Bank PLC's (or such other entity, as applicable) indemnity. In addition, such iShares Funds will bear the risk of loss of any investment of cash collateral.

Derivative Investments Risk

The iShares Funds may invest in derivatives from time to time. In the case of forward contracts, there can be no assurance that a market will exist to permit an iShares Fund to realize its profits or limit its losses by closing out positions. In the case of exchange-traded futures contracts, there may be a risk of a lack of liquidity when an iShares Fund wants to close out positions. Each iShares Fund is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange-traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is the risk of loss by an iShares Fund of margin deposits in the event of bankruptcy of a dealer with whom the iShares Fund has an open position in a futures contract.

Derivatives traded in non-North American markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets. The ability of each iShares Fund to close out its positions may also be affected by daily trading limits imposed by futures exchanges on certain derivatives. If an iShares Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires or the futures contract or forward contract terminates, as the case may be. The inability to close out futures and forward positions could also have an adverse impact on an iShares Fund's ability to use derivatives to effectively implement its investment strategy.

There is no assurance that an iShares Fund's use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative and the underlying instrument. Any historical correlation may not continue for the period during which the derivative is used.

Risks Relating to Tax Changes

There can be no assurance that changes will not be made to the tax rules affecting the taxation of an iShares Fund or an iShares Fund's investments, or in the administration of such tax rules. Certain tax rules have been proposed that deal with investments in non-resident trusts. These rules are currently under review and final form of the proposed rules has not yet been released. It is not expected that these new rules will have a negative effect on the iShares Funds or unitholders but there can be no assurance in this regard.

There can be no assurance that the CRA will agree with the tax treatment adopted by an iShares Fund in respect of any particular transaction.

Sector Risk

The iShares Funds may invest, directly or indirectly, in a specific sector, industry or class of assets and may not be diversified among different sectors or classes of assets. The trading prices of securities of the iShares ETFs are expected to be more volatile than those of investment funds with more broadly diversified portfolios. Certain sectors are cyclical and may be highly dependent on commodities prices. In addition, certain sectors are affected by factors such as capital expenditures, environmental conditions, technological advances and government regulations.

Risk Relating to Income Trust Investments

The iShares Funds may invest, directly or indirectly, in securities issued by income trusts. The stability of distributions from income trusts may fluctuate in accordance with changes in the financial conditions of those income trusts, the condition of equity markets generally, economic conditions, interest rates and other factors.

Generally, the declaration of trust or trust agreement under which an income trust is governed provides that no unitholder of such income trust shall be subject to any liability whatsoever to any person in connection with a holding of units. In addition, legislation in force in the Provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan and Quebec provides that the holders of units of an income trust that is (i) governed under the laws of such province, and (ii) a reporting issuer under the securities laws of such province are not, as beneficiaries, liable for any act, default, obligation or liability of the income trust. However, there remains a risk that a Canadian iShares Fund that holds units in an income trust that is governed under the laws of a jurisdiction other than the Provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan or Quebec could be held liable for the obligations of such income trust to the extent that claims are not satisfied out of the assets of the income trust. Generally, income trusts publicly disclose that the risk of such liability is remote and undertake to manage their affairs to seek to minimize such risk wherever possible.

In 2006, the Federal government enacted provisions in the Tax Act that are applicable to certain trusts, including income trusts (but not including qualifying REITs) (the "SIFT rules"). A five-year transitional period in which certain income trusts were exempted from the application of the SIFT rules has now expired. Under the SIFT rules, trusts (defined as "SIFT trusts") the securities of which are listed or traded on a stock exchange or other public market and that hold one or more "non-portfolio properties" (as defined in the Tax Act) are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Certain issuers of securities included in the applicable Index of certain iShares Funds may be SIFT trusts. In such event, the after-tax returns realized by unitholders may be reduced to the extent that an iShares Fund receives distributions of income or capital gains from such SIFT trusts. In addition, it is possible that income trusts that have not already done so may undertake reorganization transactions to convert to corporate form, the costs of which may affect the return earned on an investment in such an income trust. Accordingly, the SIFT rules have had and may continue to have an effect on the trading price of investments in income trusts that are affected by the SIFT tax, and therefore on the return that may be realized on units of such an income trust held by an iShares Fund.

Liquidity Risk

Under certain circumstances, such as a market disruption, the iShares Funds and/or the iShares ETFs may not be able to dispose of their investments quickly or at prices that represent the fair market value of such investments. Certain securities or derivatives held by an iShares Fund or an iShares ETF may be illiquid, which may prevent the iShares Fund or the iShares ETF from being able to limit its losses or realize gains.

Smaller Issuer Risk

The iShares Funds may invest, directly or indirectly, in securities of smaller issuers. Small issuers may have limited operational history or have smaller market capitalizations and may be more volatile than larger issuers, due to a heightened sensitivity to release of company and economic news and vulnerability to adverse business and economic developments. The market for securities of smaller issuers may be less liquid than for larger issuers.

Credit Risk

An iShares Fund that invests in, or has exposure to, fixed income securities or derivatives or enters into securities lending transactions may be subject to credit risk. Credit risk is the risk that the government or company issuing a fixed income security or the counterparty to a derivatives contract or securities lending transaction will be unable to make interest payments, pay back the original investment or otherwise honour its obligations. Securities that have a low credit rating have high credit risk. Lower-rated fixed income securities issued by companies or governments in emerging markets often have higher credit risk. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk. Investments in companies or markets with high credit risk tend to be more volatile in the short term.

Risks Relating to Real Return Bonds

The iShares Funds may invest, directly or indirectly, in inflation-linked or real return bonds. Changes in levels of inflation may affect the value of these bonds. The value of these bonds tends to increase when inflation increases and tends to decrease when inflation decreases. This is the case even if the general level of interest rates is unchanged.

Foreign Investments/Currency Risk

The iShares Funds may invest, directly or indirectly, in foreign securities. Investments in foreign securities may involve unique risks not typically associated with investing in Canada. Foreign exchanges may be open on days when certain iShares Funds or iShares ETFs do not price their securities and, therefore, the value of the securities in the portfolios of those iShares Funds or iShares ETFs may change on days when investors will not be able to purchase or sell securities of the iShares Funds. Information about foreign corporations may not be complete, may not reflect the extensive accounting, financial reporting or auditing standards or may not have been subject to the same level of government supervision or regulation as would have been the case in Canada. Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures and risk of loss. In some countries, there may be difficulties in enforcing contractual obligations and investments could be affected by economic, political and social instability, expropriation, corruption and government interference, inflation or confiscatory taxation.

Changes in foreign currency rates may affect the Net Asset Value of an iShares Fund that has investments, or has invested in an iShares ETF that has investments, denominated in currencies other than the Canadian dollar. The value of the currency of the country in which an iShares Fund or an iShares ETF has invested could decline relative to the value of the Canadian dollar.

While certain iShares Funds or iShares ETFs may hedge their exposure to foreign currency by entering into currency forward transactions with financial institutions, there is no assurance that these currency forward transactions will be effective. See "Currency Hedging Strategies Risk". In addition, these currency forward transactions involve

derivatives and, therefore, expose such iShares Funds and iShares ETFs to the derivative risk described above under “General Risks Relating to an Investment in the iShares Funds – Derivative Investments Risk”.

Pursuant to new U.S. tax rules, unitholders of an iShares Fund may be required to provide identity and residency information to the iShares Fund, which may be provided by the iShares Fund to U.S. tax authorities in order to avoid a U.S. withholding tax being imposed, beginning on January 1, 2014, on U.S. and certain non-U.S. source income and proceeds of disposition received by the iShares Fund or on certain amounts (including distributions) paid by the iShares Fund to certain unitholders.

Currency Hedging Strategies Risk

In the case of certain Canadian iShares Funds, their applicable indices may be denominated in U.S. dollars and as such, their performance will not take into account any costs, risks or other performance impacts of currency hedging strategies. Canadian iShares Funds may also not fully replicate the performance of their applicable indices for these reasons.

The effectiveness of certain Canadian iShares Funds’ currency hedging strategy will in general be affected by the volatility of both the applicable index, and the volatility of the Canadian dollar relative to the currencies to be hedged. Increased volatility will generally reduce the effectiveness of the currency hedging strategy of these Canadian iShares Funds.

The effectiveness of the Canadian iShares Funds’ currency hedging strategy will in general be affected by interest rates. Significant differences between Canadian dollar interest rates and foreign currency interest rates may affect the effectiveness of the currency hedging strategy employed by certain Canadian iShares Funds.

High Yield Risk

The iShares Funds may invest, directly or indirectly, in bonds that are rated below investment grade. High yield securities risk is the risk that securities that are rated below investment grade (commonly referred to as “junk bonds”, which include those bonds rated lower than “BBB-” by Standard & Poor’s®, a division of The McGraw-Hill Companies, Inc. and by Fitch Rating Service, Inc. or “Baal” by Moody’s® Investor’s Services, Inc.), or are unrated but judged to be of comparable quality, at the time of purchase, may be more volatile than higher-rated securities of similar maturity.

High yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities.

Private Equity Risk

The iShares Funds may invest, directly or indirectly, in private equity securities (or securities of private companies). Private equity securities carry additional risk factors including excessive leverage, unclear ownership of economic risk, market access and liquidity constraints and market opaqueness.

Investments in Property Securities Risk

An iShares Fund may invest in securities of issuers that hold, or are exposed to, real property (“**property securities**”), either directly or indirectly, if consistent with its investment objective. Property securities are subject to some of the same risks associated with the direct ownership of property including, but not limited to: adverse changes of the conditions of the real estate markets, obsolescence of properties, changes in availability, costs and terms of mortgage funds and the impact of environmental laws. However, investing in property securities is not equivalent to investing directly in property and the performance of property securities may be more heavily dependent on the general performance of stock markets than the general performance of the property sector.

Historically there has been an inverse relationship between interest rates and property values. Rising interest rates can decrease the value of the properties in which a property company invests and can also increase related borrowing costs. Either of these events can decrease the value of an investment in property securities.

The current taxation regimes for property-invested entities are potentially complex and may change in the future. This may impact either directly or indirectly the returns to investors in property securities and the taxation treatment thereof.

Commodity Risk

An iShares Fund that has exposure to the commodities markets, either through an investment in an iShares ETF or other issuer in physical commodities or commodity-linked derivatives, may be subject to greater volatility than if it did not have such exposure. The value of commodities and commodity-linked derivatives may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Additional Risks Relating to an iShares Fund's Investment in the iShares ETFs

Additional risks relating to an iShares Fund's investment in iShares ETFs include the following:

General Risks of Investing in an Index Fund and Passive Investment Risk

The index level of the applicable index replicated by an iShares ETF may fluctuate in accordance with the financial condition of the constituent issuers or bonds that are represented in such index (particularly those that are more heavily weighted), the value of the securities generally and other factors.

The objective of certain of the iShares ETFs is to replicate the applicable underlying index. Such iShares ETFs are not actively managed by traditional methods, and neither BlackRock Canada nor an affiliate will attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of an issuer represented in the index will not necessarily result in the elimination of its securities held by such iShares ETF unless the securities are removed from the applicable index.

Risks Relating to Index Replication Strategies

The iShares ETFs which seek to replicate an underlying index will not replicate exactly the performance of the applicable index. The total return generated by the securities held by such iShares ETFs will be reduced by transaction costs (including transaction costs incurred in adjusting the actual balance of the securities held by the iShares ETFs) as well as other fees and expenses of the iShares ETFs, whereas such transaction costs, fees and expenses are not included in the calculation of the returns of the applicable index. It is also possible that, for a short period of time, an iShares ETF may not fully replicate the performance of the applicable index due to the temporary unavailability of certain securities in the secondary market or otherwise or due to other extraordinary circumstances. It is also possible that an iShares ETF will not fully replicate the performance of the applicable index where the iShares ETF's expenses exceed income received from the underlying securities.

A deviation could also occur in the tracking of an iShares ETF with its applicable index due to transaction costs, corporate actions (such as mergers and spin-offs) and timing variances.

Calculation of Index Levels and Termination of the Indices Risk

The indices replicated by the iShares ETFs are maintained and calculated by various index providers. Trading in securities of an iShares ETF may be suspended for a period of time if, for whatever reason, the calculation of a particular index is delayed. In the event an index ceases to be calculated or is discontinued, BlackRock Canada or its affiliate may terminate the applicable iShares ETF with prior notice to securityholders, change the investment objectives of that iShares ETF to invest in underlying securities or to seek to replicate an alternative index (subject

to securityholder approval if required under the relevant constating document), or make such other arrangements as BlackRock Canada or its affiliate considers appropriate and in the best interests of securityholders in the circumstances.

Purpose of the Indices Risk

Generally, the relevant indices replicated by the iShares ETFs were not created for the purpose of the applicable iShares ETFs. The index providers of the relevant indices have reserved the right to make adjustments to the indices or to cease calculating the indices without regard to the particular interests of the iShares ETFs, BlackRock Canada or its affiliates, the securityholders of the iShares ETFs and underwriters, but rather solely with a view to the original purpose of the applicable index.

Index Adjustments Risk

Adjustments to an iShares ETF portfolio necessitated by adjustments to an index will depend on the ability to execute the adjustment in a timely manner. In such case, if there is a failure to perform the adjustment when required, there may be a deviation in the tracking of the applicable index by the iShares ETF.

Issuer Concentration Risk

If the index to which an iShares ETF is benchmarked concentrates on a particular industry, group of industries or sector, the iShares ETF may be adversely affected by the performance of those securities and may be subject to price volatility. In addition, an iShares ETF that concentrates in a single industry or group of industries may be more susceptible to any single economic, market, political or regulatory occurrence affecting that industry or group of industries.

Cease Trading of Securities Risk

If the securities of a constituent issuer of an iShares ETF are cease-traded by order of the relevant securities regulatory authority or are halted from trading by the relevant stock exchange, the iShares ETF holding that constituent issuer may halt trading in its securities. Thus, securities of certain iShares ETFs bear the risk of cease trading orders against all constituent issuers of the applicable index, not just one. If securities of an iShares ETF are cease-traded by order of a securities regulatory authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for securities, the applicable iShares ETF may suspend the right to redeem securities for cash, subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the applicable iShares ETF may return redemption requests to securityholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a Prescribed Number of Units for a Basket of Securities until such time as the cease-trade order is lifted.

Indirect Investments in Debt Securities through U.S. iShares Funds Risk

Distributions paid on the shares of a U.S. iShares Fund are generally classified as dividends under U.S. tax rules and therefore subject to U.S. withholding taxes, even where the distributed income results from interest payments on fixed income or certain types of preferred securities. As a result, the iShares Funds may earn less income from investments in U.S. iShares Funds than could have been otherwise earned from direct investments in securities of the index constituents (see “Taxation of the iShares Funds” for additional information on the impact of withholding taxes on the iShares Funds).

The U.S. iShares Funds are currently able to avail themselves of Section 871(k) of the U.S. tax code, which allows certain distributions to be classified as arising from qualified interest income, and as a result, become exempt from U.S. withholding tax. Section 871(k) is currently scheduled to cease applying with respect to taxable years of a U.S. iShares Fund beginning after December 31, 2011. At the time of this prospectus, the status of a possible extension of this provision is not certain.

DISTRIBUTION POLICY

On an annual basis, each iShares Fund will ensure that the net income and net realized capital gains of that iShares Fund have been distributed to such an extent that the iShares Fund will not be liable for ordinary income tax thereon. The tax treatment to unitholders of distributions is discussed under the heading “Income Tax Considerations”.

The following table shows the expected frequency and composition of cash distributions of the iShares Funds:

		Primary Sources of Income:		
Fund	Income Distribution Frequency ⁽¹⁾	Interest Payments	Securities Lending	Dividends and Distributions
XCR ^{(2) (3)}	Semi-annually	✓	✓	✓
XGR ^{(2) (3)}	Semi-annually	✓	✓	✓
XGC ^{(2) (3)}	Semi-annually	✓	✓	✓
XAL ^{(2) (3)}	Semi-annually	✓	✓	✓

(1) This is the current, expected frequency of payment of income distributions. BlackRock Canada may, in its complete discretion, change the frequency of these distributions. Any such change will be announced via press release.

(2) Income distributions from derivatives such as currency forward transactions may be reinvested rather than paid in cash.

(3) Distributions received on securities of foreign issuers, including on U.S. iShares Funds or the Dublin iShares Funds, may be treated as foreign source income. See “Income Tax Considerations”.

Capital Gains Distributions

Capital gains distributions are expected to be made on an annual basis for each of the iShares Funds. While capital gains distributions will generally be paid in the form of reinvested distributions, they may also be paid in cash.

Return of Capital

In addition to the income and capital gains distribution amounts described above, distributions made by the iShares Funds may also consist of non-taxable amounts, such as a return of capital. For example, where an iShares Fund distributes amounts in excess of the iShares Fund’s net income and net realized capital gains for the relevant taxation year, such excess will be a return of capital. See — “Income Tax Considerations – Taxation of Unitholders”.

Reinvested Distributions

To the extent that any iShares Fund has not otherwise distributed the full amount of its net income or net capital gains in cash in any year, the difference between such amount and the amount otherwise distributed by the iShares Fund in cash shall be paid as a “reinvested distribution”. Reinvested distributions will be automatically reinvested in additional Units of the applicable iShares Fund at a price equal to the Net Asset Value per Unit of the applicable iShares Fund and the Units of that iShares Fund will be immediately consolidated such that the number of outstanding Units of the applicable iShares Fund following the distribution will equal the number of Units of the applicable iShares Fund outstanding prior to the distribution.

Unitholders that are not unitholders of record on the record date for any distribution will not be entitled to receive that distribution.

PURCHASE OF UNITS

Issuance of Units

All orders to purchase Units directly from the iShares Funds must be placed by Underwriters. The iShares Funds reserve the absolute right to reject any subscription order placed by an Underwriter, so long as the rejection of the subscription order is made no later than one business day after receipt by the iShares Fund of the order and that, upon rejection of the order, all cash received with the order is refunded immediately.

No fees will be payable by an iShares Fund to an Underwriter in connection with the issuance of Units. On the issuance of Units, BlackRock Canada may, at its discretion, charge an administrative fee to an Underwriter to offset any expenses incurred in issuing the Units.

On any Trading Day, an Underwriter may place a subscription order in the form and at the location prescribed by the applicable iShares Fund from time to time for the Prescribed Number of Units or for an integral multiple of the Prescribed Number of Units of the iShares Funds. The Prescribed Number of Units will be made available by BlackRock Canada on each Trading Day to Underwriters. BlackRock Canada may, at its discretion, increase or decrease the Prescribed Number of Units from time to time.

If a subscription order is received by the applicable iShares Fund at or before 9:40 a.m. on the Trading Day of the subscription, and is accepted by that iShares Fund, the iShares Fund generally will issue to the Underwriter the Prescribed Number of Units (or an integral multiple thereof) within three Trading Days from the Trading Day of the subscription. The iShares Funds must receive payment for the Units subscribed for within three Trading Days from the Trading Day of subscription.

Unless BlackRock Canada shall otherwise agree or the Master Declaration of Trust shall otherwise provide, as payment for a Prescribed Number of Units of any iShares Fund, an Underwriter must deliver subscription proceeds consisting of one Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the Net Asset Value of the Prescribed Number of Units of the applicable iShares Fund next determined following the receipt of the subscription order. BlackRock Canada may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the Net Asset Value of the Prescribed Number of Units of the iShares Fund next determined following the receipt of the subscription order, plus (ii) if applicable, the Cash Creation Fee.

In any case in which a subscription order from an Underwriter is received by an iShares Fund on or after the date of declaration of a distribution by that iShares Fund payable in cash and before the ex-dividend date on the TSX for that distribution (generally, the second trading day prior to the record date or such other date where the purchaser becomes entitled to rights connected to the Units subscribed), an additional amount equal to the amount of cash per Unit of that distribution must be delivered in cash to the iShares Fund in respect of each issued Unit.

In addition to the issuance of Units as described above, Units may also be issued by the iShares Fund to unitholders on the automatic reinvestment of distributions as described under “Distribution Policy”, and “Income Tax Considerations — Taxation of the iShares Funds”.

Buying and Selling Units

Units of the iShares Funds are offered on a continuous basis. As the Units are listed on the TSX, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. An investor may buy or sell Units on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors will incur customary brokerage commissions when buying or selling Units of the iShares Funds on the TSX. No fees are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with the buying or selling of Units on the TSX.

Registration and Transfer through CDS

Units of the iShares Funds may only be held through the book-entry only system administered by CDS. Unitholders in the iShares Funds will not have the right to receive certificates for Units. CDS is the owner of record for all Units of each iShares Fund. Unitholders owning Units are beneficial owners as shown on the records of CDS or its participants. CDS participants include securities brokers and dealers, banks, trust companies and other institutions that directly or indirectly maintain a custodial relationship with CDS. The iShares Funds allow unitholders to exchange or redeem Units but in order to exercise this right, a unitholder must rely on the procedures of CDS and its participants. See "Exchange and Redemption of Units" for important details.

In addition, all other rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation.

Neither the iShares Funds nor BlackRock Canada will have any liability for: (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of CDS participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS participant) may be limited due to the lack of a physical certificate.

Non-Resident Unitholders

In order for an iShares Fund to maintain its status as a mutual fund trust (for the purposes of the Tax Act), in certain circumstances, the iShares Fund cannot be established or maintained primarily for the benefit of non-residents of Canada. No iShares Fund will accept any subscription for Units from any person, issue any Units to any person or register or otherwise recognize the transfer of any Units to any person if, after giving effect thereto, the percentage of Units beneficially owned, directly or indirectly, by persons who are non-residents of Canada would be within 5% of, or would be otherwise approaching (as determined by BlackRock Canada), the limit permitted under the Tax Act, as amended from time to time. The Master Declaration of Trust includes a mechanism to permit the iShares Funds to sell Units held by non-resident persons when their holdings result in contravention of this restriction.

Special Considerations for Unitholders

The iShares Funds have obtained exemptive relief from certain provisions contained in securities legislation such that the so-called "early warning" requirements set out in Canadian securities legislation will not apply in connection with the acquisition of Units. In addition, based upon exemptive relief granted by Canadian securities regulatory authorities, a unitholder may acquire more than 20% of the Units of any iShares Fund through purchases on the TSX without regard to the takeover bid requirements of applicable securities legislation, provided that the unitholder, as well as any person acting jointly or in concert with the unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of that iShares Fund.

Market participants are permitted to sell Units of any iShares Fund short and at any price without regard to the restrictions of the Universal Market Integrity Rules adopted by Canadian securities regulatory authorities that generally prohibit selling securities short unless the price is at or above the last sale price.

Units may in certain circumstances be "mark-to-market property" for purposes of the "mark-to-market" rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually on income account any accrued gains and losses on securities that are "mark-to-market property".

EXCHANGE AND REDEMPTION OF UNITS

Exchange of Units at Net Asset Value per Unit for Baskets of Securities and Cash

Unitholders of the iShares Funds may exchange the Prescribed Number of Units (or an integral multiple thereof) of any iShares Fund on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. To effect an exchange of Units, a unitholder must submit an exchange request in the form and at the location prescribed by the applicable iShares Fund from time to time to that iShares Fund by 9:40 a.m. on a Trading Day. The exchange price will be equal to the Net Asset Value of each Prescribed Number of Units tendered for redemption on the effective day of the exchange request, payable by delivery of Baskets of Securities (constituted as most recently published prior to the receipt of the exchange request) and cash. The Units will be redeemed in the exchange. BlackRock Canada will make available to Underwriters the Prescribed Number of Units and Baskets of Securities for each iShares Fund following the close of business on each Trading Day and to others on request.

BlackRock Canada may, upon the request of a unitholder and the consent of BlackRock Canada, satisfy an exchange request by delivering cash only in an amount equal to the Net Asset Value of the Prescribed Number of Units of the applicable iShares Fund next determined following the receipt of the exchange request. However, BlackRock Canada will satisfy an exchange request only in cash if the unitholder agrees to pay the Cash Exchange Fee.

Unitholders should be aware that the Net Asset Value per Unit will decline on the date of declaration of any distribution payable in cash or Units. Unitholders that are not unitholders of record on the record date for any distribution will not be entitled to receive that distribution. However, unitholders exchanging Units on or after the date of declaration of any distribution payable in cash and before the ex-dividend date on the TSX for that distribution generally will receive the amount of the distribution on the third Trading Day after the effective day of the exchange request.

If an exchange request is not received by 9:40 a.m. on a Trading Day, the exchange request will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and cash generally will be made by the third Trading Day after the effective day of the exchange request.

If securities of any iShares ETF or other issuers in which an iShares Fund has invested are cease traded at any time by order of a securities regulatory authority, the delivery of the Baskets of Securities to a unitholder on an exchange in the Prescribed Number of Units may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.

Redemption of Units for Cash

On any Trading Day, unitholders may redeem Units of any iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash. No fees or expenses are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form and to the location prescribed by the applicable iShares Fund from time to time must be delivered to the iShares Fund by 9:00 a.m. on that day. If a cash redemption request is not received by 9:00 a.m. in such manner on a Trading Day, the cash redemption order will be effective only on the next Trading Day. The cash redemption request forms may be obtained from any registered broker or dealer.

Payment of the redemption price will generally be made on the third Trading Day after the effective day of the redemption. Unitholders that have delivered a redemption request prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, an iShares Fund will generally dispose of securities or other assets.

Suspension of Exchange and Redemption

The exchange or redemption of Units may be suspended or postponed by any such iShares Fund, provided that such suspension complies with applicable securities legislation.

Administrative Fee to Offset Certain Transaction Costs

In connection with exchanges or redemptions of Units of an iShares Fund, BlackRock Canada may charge to the unitholder effecting the exchange or redemption, at its discretion, an administrative fee as a percentage of the exchange or redemption proceeds to offset certain transaction costs incurred in connection with the exchange or redemption. Currently, BlackRock Canada has set these discretionary administrative fees as follows:

Each iShares Fund - up to 0.15% of proceeds.

The administrative fee will not be charged to a unitholder in connection with the buying or selling of Units of an iShares Fund on the TSX.

Short-Term Trading

BlackRock Canada does not believe that it is necessary to impose any short-term trading restrictions on the iShares Funds at this time as the iShares Funds are exchange-traded funds that are primarily traded in the secondary market.

PRICE RANGE AND TRADING VOLUME OF UNITS

The following tables set forth the market price range and trading volume of the Units of the iShares Funds on the TSX for the calendar periods indicated. The market price range and trading volume for each of the iShares Funds set out below for November, 2011 reflect the period from November 1, 2011 to November 4, 2011.

	XCR <u>Price Range</u>			XGR <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume (000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume (000's)</u>
2010						
November	22.91	22.32	21	24.50	23.62	28
December	23.61	22.33	14	24.20	23.73	11
2011						
January	22.55	22.23	33	24.07	23.75	16
February	22.60	22.20	36	24.09	23.75	15
March	22.74	22.38	19	24.25	23.83	19
April	23.00	22.63	12	24.60	24.13	4
May	23.18	22.86	22	24.78	24.47	7
June	23.08	22.63	11	24.65	24.08	11
July	23.01	22.53	88	24.45	24.18	12
August	23.07	22.57	18	24.43	23.24	21
September	23.10	22.79	22	24.00	23.37	8
October	22.88	22.65	17	24.05	23.05	21
November 1 to November 4	23.00	23.00	0	24.05	24.05	0

	XGC Price Range			XAL Price Range		
	<u>High</u>	<u>Low</u>	<u>Volume (000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume (000's)</u>
2010						
November	24.79	23.82	10	25.92	24.80	45
December	24.43	23.95	26	25.26	24.54	33
2011						
January	24.32	23.95	12	24.94	24.53	42
February	24.43	24.20	10	24.91	24.53	24
March	24.45	23.90	13	25.25	24.55	14
April	25.03	24.50	40	25.58	25.15	10
May	25.08	24.75	2	25.82	25.49	19
June	25.06	24.13	9	25.79	24.92	21
July	24.56	24.40	2	25.46	25.08	8
August	24.40	22.62	19	25.35	23.54	36
September	23.77	22.89	8	24.87	23.80	27
October	24.25	23.23	13	25.28	23.48	15
November 1 to November 4	24.19	24.19	0	25.30	25.19	0

INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the iShares Funds and for a prospective investor in an iShares Fund that, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the iShares Fund as capital property, and is not affiliated and deals at arm's length with the iShares Fund. This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below. This summary is based on the assumption that each of the iShares Funds will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a "mutual fund trust" as defined in the Tax Act.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisers about their individual circumstances.

This summary is also based on the assumptions that (i) none of the issuers of securities held by an iShares Fund will be a foreign affiliate of the iShares Fund or any unitholder, (ii) none of the securities held by an iShares Fund will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) none of the securities held by an iShares Fund will be an interest in a non-resident trust other than an "exempt foreign trust" as defined in certain proposed amendments to the Tax Act relating to non-resident trusts, (iv) none of the securities held by an iShares Fund will be an interest in a non-resident trust that is deemed to be a controlled foreign affiliate of the iShares Fund for the purposes of the Tax Act, and (v) no iShares Fund will enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act.

Status of the iShares Funds

This summary is based on the assumption that each iShares Fund will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a "mutual fund trust" as defined in the Tax Act. Counsel is advised that each of the iShares Funds anticipates that it will qualify as a "mutual fund trust" under

the Tax Act at all material times. If an iShares Fund does not qualify as a “mutual fund trust” under the Tax Act, the income tax consequences would differ materially from those described below.

Provided that the Units of the iShares Funds continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX, or that the iShares Funds continue to qualify as mutual fund trusts under the Tax Act or as registered investments under the Tax Act, the Units will be qualified investments under the Tax Act for Registered Plans. In the opinion of counsel, the Units will qualify as “marketable securities” as that term is used in the Tax Act provided that the Units are and continue to be listed on the TSX.

Notwithstanding the foregoing, in the case of a tax-free savings account (“TFSA”), and if recently proposed changes to the Tax Act are enacted, effective March 23, 2011, in the case of a registered retirement savings plan (“RRSP”) and a registered retirement income fund (“RRIF”), if the holder or annuitant of the TFSA, RRSP or RRIF holds a “significant interest” in an iShares Fund or in any person or partnership that does not deal at arm’s length with an iShares Fund for purposes of the Tax Act, or if such holder or annuitant does not deal at arm’s length with an iShares Fund for purposes of the Tax Act, the units of such iShares Fund will be a “prohibited investment” for such TFSA, RRSP or RRIF. If Units of an iShares Fund are a “prohibited investment” for a TFSA, RRSP or RRIF that acquires such Units, the holder or annuitant of the TFSA, RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. Generally, a holder or annuitant will not be considered to have a “significant interest” in an iShares Fund unless the holder or annuitant owns 10% or more of the value of the outstanding Units of such iShares Fund, either alone or together with persons and partnerships with which the holder or annuitant does not deal at arm’s length.

In the case of an exchange of Units of any iShares Fund for a Basket of Securities, the unitholder may receive securities. The securities received by a unitholder as a result of an exchange of Units may or may not be qualified investments for Registered Plans. Unitholders should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

At the date hereof, the assets of pension plans may be invested in Units, provided that the assets of such pension plan are invested in accordance with the applicable regulations, investment criteria and statement of investment policies and procedures established for such pension plan.

Taxation of the iShares Funds

An iShares Fund will include in computing its income taxable distributions received and considered to be received on securities held by it and the taxable portion of capital gains realized by the iShares Fund on the disposition of securities held by it, including securities of iShares ETFs. The income of an iShares Fund will include interest and amounts deemed to be interest in respect of inflation-related adjustments to the principal amount of a real return bond. The Master Declaration of Trust governing the iShares Funds requires that each iShares Fund distribute its net income and net realized capital gains, if any, for each taxation year of the iShares Fund to unitholders to such an extent that the iShares Fund will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of each iShares Fund and the capital gains refunds to which the iShares Fund is entitled). If in a taxation year the income for tax purposes of an iShares Fund exceeds the cash available for distribution by the iShares Fund, the iShares Fund will distribute all or a portion of its income through a payment of reinvested distributions.

The iShares Funds are subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when an iShares Fund acquires a property (a “**substituted property**”) that is the same as or identical to the property sold, within 30 days before and 30 days after the disposition and the iShares Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the applicable iShares Fund cannot deduct the loss from the iShares Fund’s capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the iShares Fund to be made payable to its unitholders.

Each iShares Fund is required to compute its income and gains for tax purposes in Canadian dollars and may therefore realize foreign exchange gains or losses in respect of investments that are not Canadian dollar

denominated. Such foreign exchange gains and losses may be taken into account in computing its income for tax purposes, although in some cases such gains or losses may be offset by hedging transactions. An iShares Fund may derive income or gains from investments in the United States and other foreign countries and, as a result, may be liable to pay tax to such countries. To the extent that such foreign tax paid qualifies as an income or profits tax (for example, withholdings on foreign source dividends) and does not exceed 15% of such amount and has not been deducted in computing the iShares Fund's income, the iShares Fund may designate a portion of its foreign source income in respect of a unitholder so that such income and a portion of the foreign tax paid by the iShares Fund may be regarded as foreign source income of, and foreign tax paid by, the unitholder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax paid by the iShares Fund exceeds 15% of the amount included in the iShares Fund's income from such investments, such excess may generally be deducted by the iShares Fund in computing its income for the purposes of the Tax Act.

Investments in Canadian iShares Funds

An iShares Fund may invest in units of a Canadian iShares Fund. Provided that the Canadian iShares Fund makes appropriate designations with respect to amounts distributed by it to the iShares Fund out of the Canadian iShares Fund's dividends from taxable Canadian corporations, capital gains and foreign source income, where those items are applicable, such amounts will be treated as such dividends, capital gains and foreign source income in the hands of the iShares Fund.

An iShares Fund may invest in a Canadian iShares Fund that invests in securities of a Canadian income trust. If the income trust makes appropriate designations with respect to amounts distributed by it to the Canadian iShares Fund out of the income trust's dividends from taxable Canadian corporations, capital gains and foreign source income, where those items are applicable, such amounts will be treated as such dividends, capital gains and foreign source income in the hands of the Canadian iShares Fund and, where, as noted above, the Canadian iShares Fund makes appropriate designations, the character of such amounts when distributed to the iShares Fund will be retained in the hands of the iShares Fund. If the income trust is subject to the SIFT tax referred to above (see "Risk Factors"), distributions by the income trust to the Canadian iShares Fund may be treated as eligible dividends from a taxable Canadian corporation in the hands of the iShares Fund.

iShares Funds Holding Derivatives

Generally, each iShares Fund holding derivatives as a substitute for direct investment will include gains and deduct losses on income account in connection with its derivative activities and will recognize such gains or losses for tax purposes at the time they are realized by the iShares Fund. Where an iShares Fund uses derivatives to hedge foreign currency exposure with respect to securities held on capital account, gains or losses realized on such derivatives will be treated as capital gains or losses in accordance with the Canada Revenue Agency's published administrative practice.

Taxation of Unitholders

Distributions

A unitholder will be required to include in the unitholder's income for tax purposes for any year the amount (computed in Canadian dollars) of net income and net taxable capital gains of the iShares Fund, if any, paid or payable to the unitholder or on the unitholder's behalf in the year and deducted by the iShares Fund in computing its income, whether or not such amounts are reinvested in additional Units, including in the case of unitholders who receive Management Fee Distributions to the extent they are paid out of net income and net taxable capital gains of the iShares Funds.

The non-taxable portion of any net realized capital gains of an iShares Fund that is paid or payable to a unitholder in a taxation year will not be included in computing the unitholder's income for the year and will not reduce the adjusted cost base of the unitholder's Units of that iShares Fund. Any other non-taxable distribution, such as a return of capital, will reduce the unitholder's adjusted cost base. To the extent that a unitholder's adjusted cost base

would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the unitholder and the unitholder's adjusted cost base will be nil immediately thereafter.

Each iShares Fund will designate to the extent permitted by the Tax Act the portion of the net income distributed to unitholders as may reasonably be considered to consist of, respectively, (i) taxable dividends (including eligible dividends) received or considered to be received by the iShares Fund on securities of taxable Canadian corporations and (ii) net taxable capital gains realized or considered to be realized by the iShares Fund. Any such designated amount will be deemed for tax purposes to be received or realized by unitholders in the year as a taxable dividend (including an eligible dividend) and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends paid to an individual by a taxable Canadian corporation (including the enhanced gross-up and dividend tax credit applicable to dividends designated by the paying corporation as eligible dividends in accordance with the provisions of the Tax Act) will apply to amounts designated by the applicable iShares Fund as such taxable dividends (or as such eligible dividends). Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. In addition, each iShares Fund may similarly make designations in respect of its income from foreign sources, if any, so that, for the purpose of computing any foreign tax credit available to a unitholder, the unitholder may generally be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid by the iShares Fund to that country that is equal to the unitholder's share of the iShares Fund's income from sources in that country. Any loss of an iShares Fund for the purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the unitholders of such iShares Fund.

Individuals and certain trusts and estates may be subject to an alternative minimum tax. Such persons may be liable for this alternative minimum tax in respect of dividends from Canadian issuers and realized capital gains and amounts distributed to them by an iShares Fund that are treated as such dividends or capital gains.

Composition of Distributions

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable dividends (eligible dividends or dividends other than eligible dividends), taxable capital gains, non-taxable amounts, and foreign source income, and whether foreign tax has been paid for which the unitholder might be able to claim a foreign tax credit, where those items are applicable.

Taxation of the iShares Funds' Distribution Policy

When a unitholder acquires Units in an iShares Fund, a portion of the price paid may reflect income and realized capital gains of the iShares Fund that have not been distributed, and accrued capital gains that have not been realized by the iShares Fund. This may particularly be the case near year-end before year-end distributions have been made. When and if such income and realized capital gains are distributed by the iShares Fund, and when and if such accrued capital gains are realized and distributed, such income and gains must be taken into account by the unitholder in computing its income for tax purposes, even though such amounts may have been reflected in the price paid by the unitholder. If the amounts of such distributions are reinvested in additional Units of the iShares Fund, the amounts will be added to the unitholder's adjusted cost base of its Units.

Capital Gains

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the unitholder to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the unitholder of the Unit and any reasonable costs of disposition. The adjusted cost base of Units held by unitholders must be calculated separately for Units of each iShares Fund held by the unitholder. In general, the adjusted cost base of all Units of a particular iShares Fund held by the unitholder is the total amount paid for Units of that iShares Fund (including brokerage commissions paid and the amount of reinvested distributions), regardless of when the investor bought them, less any non-taxable distributions (other than the non-taxable portion of capital gains) such as a return of capital and less the adjusted cost base of any Units of that iShares Fund previously redeemed/exchanged by the unitholder. For the purpose of determining the adjusted cost base of Units of an iShares Fund to a unitholder, when Units of the iShares Fund are

acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of that iShares Fund owned by the unitholder as capital property immediately before that time.

If an iShares Fund realizes income or capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a unitholder, all or a portion of the amount received by the unitholder may be designated and treated for income tax purposes as a distribution to the unitholder out of such income or capital gains rather than being treated as proceeds of disposition of the Units.

Where Units of an iShares Fund are exchanged by the redeeming unitholder for Baskets of Securities, the proceeds of disposition to the unitholder of the Units will be equal to the fair market value of the Baskets of Securities so received, plus the amount of any cash received on the exchange, and less any capital gain or income realized by the iShares Fund as a result of the transfer of those Baskets of Securities which has been designated by the iShares Fund to the unitholder. The cost for tax purposes of securities acquired by a redeeming unitholder on the exchange or redemption of Units of the iShares Fund will generally be the fair market value of such securities at that time. However, where, on an exchange of Units for securities, a unitholder receives a bond on which interest has accrued but is not payable at the time of the exchange, the unitholder will generally include such interest in income in accordance with the Tax Act, but will be entitled to offset such amount by a deduction for such accrued interest. The unitholder's adjusted cost base for tax purposes of the bond will be reduced by such amount of accrued interest.

One half of any capital gain realized by a unitholder and the amount of any net taxable capital gains realized or considered to be realized by an iShares Fund and designated by the iShares Fund in respect of a unitholder will be included in the unitholder's income as a taxable capital gain. One half of a capital loss realized by a unitholder will be an allowable capital loss that may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

Taxation of Registered Plans

In general, the amount of a distribution paid or payable to a Registered Plan from an iShares Fund and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of contributions from a registered education savings plan or certain withdrawals from a registered disability savings plan) will generally be subject to tax.

ORGANIZATION AND MANAGEMENT DETAILS OF THE iSHARES FUNDS

Executive Officers and Directors of BlackRock Canada

The following are the names, municipalities of residence, offices and principal occupations of the directors and executive officers of BlackRock Canada:

Name and Municipality of Residence	Office	Principal Occupation
William Chinery Toronto, Ontario	Chief Executive Officer and Chief Compliance Officer and Director	Managing Director (Country Head – Canada), BlackRock Canada
Eric Léveillé Longueuil, Québec	Managing Director and Director	Managing Director (Head of Canadian Institutional Business), BlackRock Canada
Mary Anne Wiley Toronto, Ontario	Managing Director and Director	Managing Director (Head of Distribution, iShares Canada), BlackRock Canada
Paul Greenberg, Chappaqua, New York	Chief Financial Officer	Managing Director (Finance – General Accounting), BlackRock

All executive officers and directors listed above held their current position or other positions with BlackRock Canada during the past five years except as follows:

Paul Greenberg has been Chief Financial Officer of BlackRock Canada since December 2009 and joined BlackRock in 1998. Currently, Paul is a Managing Director in BlackRock's Finance Department and is responsible for the accounting operations for all Americas business of BlackRock as well as global oversight and consolidation of the firm's international subsidiaries. Prior to joining BlackRock, Paul was employed by Alliance Capital and certain other asset managers as well as Ernst & Young LLP. Paul holds an undergraduate degree in Accounting from the State University of New York at Oneonta and a Master of Business Administration degree in Finance from The University of Connecticut. Paul is also a Certified Public Accountant and holds a Series 27; Financial and Operations Principal designations.

Trustee, Manager and Portfolio Adviser

BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds. As trustee and manager of the iShares Funds, BlackRock Canada also acts as portfolio adviser and is responsible for the operations of the iShares Funds, including the management of the iShares Funds' investment portfolios and the valuation of each of the iShares Funds' assets. BlackRock Canada is entitled to a management fee for acting as trustee, manager and portfolio adviser of the iShares Funds as described under "Fees and Expenses". BlackRock Canada may resign as trustee of any of the iShares Funds by giving not less than 60 days' prior written notice to unitholders of that iShares Fund. BlackRock Canada may appoint a successor trustee, but if no such successor trustee is appointed within 30 days of BlackRock Canada's resignation, the applicable iShares Fund will be terminated and its net assets distributed to unitholders.

The principal office of BlackRock Canada is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario, M5J 2S1.

BlackRock Canada will make available on its web site, www.ishares.ca, daily or more frequently, the following information for each iShares Fund:

- Net Asset Value;
- Net Asset Value per Unit; and
- Units outstanding.

BlackRock Canada is an indirect, wholly-owned subsidiary of BlackRock. BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At June 30, 2011, BlackRock's assets under management was \$3.659 trillion. BlackRock offers products that span the risk spectrum to meet clients' needs, including active, enhanced and index strategies across markets and asset classes. Products are offered in a variety of structures including separate accounts, mutual funds, iShares® (exchange traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. Headquartered in New York City, as of June 30, 2011, the firm has approximately 9,700 employees in 26 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa.

Duties and Services to be Provided by BlackRock Canada

Pursuant to the Master Declaration of Trust, BlackRock Canada is responsible for providing managerial, administrative and compliance services to the iShares Funds, including purchasing and selling portfolio securities on behalf of the iShares Funds, and providing or arranging for required services to the iShares Funds including, without limitation:

- (a) authorizing the payment of fees, expenses or disbursements incurred on behalf of the iShares Funds that are the responsibility of the iShares Funds;
- (b) preparing reports to unitholders and the securities regulatory authorities, including interim and annual MRFPs and financial statements;
- (c) determining the amount of distributions to be made by the iShares Funds; and
- (d) negotiating contractual agreements with service providers, including the Underwriters, sub-adviser, custodian, registrar and transfer agent and auditor.

Governance

BlackRock Canada, as trustee, is responsible for governance of the iShares Funds. BlackRock Canada has established appropriate policies, contained in a policy manual, designed to recognize BlackRock Canada's obligation to act in the best interest of the iShares Funds and their unitholders and to place their interests ahead of the personal interests of the officers and employees of BlackRock Canada. These policies include:

- a personal trading policy;
- an insider trading policy;
- a confidentiality policy;
- a trade allocation policy; and
- a code of conduct governing business conduct.

In addition, each employee of BlackRock Canada is required to certify annually that such person has read and complied with the policy manual.

BlackRock Canada has implemented an appropriate system of procedures and internal controls, including designation of employees responsible for monitoring and complying with regulatory and corporate requirements.

Sub-Adviser

BlackRock Canada has appointed BTC, a national banking association organized under the laws of the United States that operates as a limited purpose trust company, as the sub-adviser of the iShares Funds. As sub-adviser, BTC is responsible for the investment management activities of the iShares Funds, subject to the policies, control and supervision of BlackRock Canada. BTC is an indirect, wholly-owned subsidiary of BlackRock and an affiliate of BlackRock Canada.

BlackRock Canada remains responsible for the management of each of the iShares Funds, including the management of their investment portfolios and the investment advice provided by BTC. In particular, BlackRock Canada is responsible for any loss that arises out of the failure of BTC to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the iShares Funds or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. It may be difficult to enforce legal rights against BTC (and its personnel) because it is resident outside Canada and all of its assets are located outside Canada.

BTC's principal office is located in San Francisco, California. Its primary regulator is the Office of the Comptroller of the Currency, the agency of the U.S. Treasury Department that regulates United States national banks.

Portfolio management at BTC is conducted by integrated teams of highly qualified investment professionals. Moreover, BTC uses a combination of technologically advanced investment systems, along with rigorous investment procedures and safeguards. A committee comprised of senior management and portfolio managers (the "**Investment Review Committee**") reviews the management of the investment portfolios on a regular basis. Performance exceptions are reported internally and are reviewed by the Investment Review Committee.

Principal Portfolio Manager

Biographical information relating to the principal portfolio manager of BTC who oversees the services provided to the iShares Funds are set forth below:

Name	Years of Service	Title	Notes
Ryan Braniff	6	Director, Multi-Asset Client Solutions team	Since June, 2006, Mr. Braniff has led a team of portfolio managers at BTC that manage multi-asset class portfolios holding combinations of proprietary onshore and offshore funds, equity and bond futures contracts, currency forward contracts, total return swaps, and exchange-traded funds. Before joining BTC in 2005, he worked as a sales analyst on the equity trading floor at Banc of America Securities, LLC in San Francisco (since March, 2000). Mr. Braniff completed his undergraduate education at UC Berkeley with a BA in Economics and a Minor in Mathematics in June, 1999, and obtained his Master of Financial Engineering degree at the Haas School of Business at UC Berkeley in March, 2005. He became a CFA Charterholder in October, 2007 and a CAIA Charterholder in December, 2008.

Details of the Investment Sub-Advisory Agreement

An agreement (the “**Investment Sub-Advisory Agreement**”) has been entered into among BlackRock Canada, BTC and the iShares Funds, under which BTC provides certain investment advisory and administrative services to the iShares Funds.

The Investment Sub-Advisory Agreement will remain in effect until terminated by any party, upon not less than 30 days’ prior written notice, provided that, the Investment Sub-Advisory Agreement may be terminated by any party, upon 24 hours’ written notice to the other parties, if, among other things, any party fails to perform its material duties and discharge its material obligations under the Investment Sub-Advisory Agreement.

The Investment Sub-Advisory Agreement also provides that BTC shall hold harmless and indemnify BlackRock Canada and the iShares Funds from and against any and all liability or loss which the iShares Funds may incur or suffer to the extent such liability or loss was caused by the failure of BTC to meet its obligations and comply with its standard of care in the Investment Sub-Advisory Agreement.

Conflicts of Interest

BlackRock Canada and its principals and affiliates do not devote their time exclusively to the management of the iShares Funds. In addition, such persons perform similar or different services for others and may sponsor or establish other investment funds during the same period that they act on behalf of iShares Funds. Such persons therefore will have conflicts of interest in allocating management time, services and functions to the iShares Funds and the other persons for which they provide similar services.

Independent Review Committee

As required by NI 81-107, BlackRock Canada has established an independent review committee (the “**IRC**”) to review all conflict of interest matters identified and referred to the IRC by BlackRock Canada and to give its

approval or recommendation, depending on the nature of the conflict of interest matter. A conflict of interest matter is a situation where a reasonable person would consider BlackRock Canada or an entity related to BlackRock Canada to have an interest that may conflict with the ability of BlackRock Canada to act in good faith and in the best interests of the iShares Funds.

The current members of the IRC, who constitute the IRC for the iShares Funds are as follows:

Name	Residence
René Delsanne ⁽¹⁾	Longueuil, Québec
Stuart Freeman	Thornhill, Ontario
Francis Enderle	Oakland, California

⁽¹⁾ Chair of the IRC

Currently, each member receives \$30,000 (\$45,000 for the Chair) per annum as a general retainer and as compensation for attendance at two scheduled meetings per year. Each IRC member receives an additional \$2,000 for each additional meeting per year attended in person and an additional \$1,000 per telephone meeting (\$2,000 for telephone meetings lasting longer than 60 minutes). IRC members are reimbursed for any costs incurred in attending meetings or otherwise incurred in fulfilling their obligations as IRC members.

The IRC has a written charter describing its powers, duties and responsibilities. Pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- BlackRock Canada's policies and procedures regarding conflict of interest matters;
- any standing instruction the IRC has given to BlackRock Canada for the conflict of interest matters related to the iShares Funds; and
- BlackRock Canada's and each iShares Fund's compliance with any conditions imposed by the IRC in a recommendation or approval it has provided to BlackRock Canada.

In addition, the IRC reviews and assesses, at least annually, the independence and compensation of its members, its effectiveness as a committee, and the contribution and effectiveness of each member.

The IRC prepares a report annually of its activities for unitholders which is available on the iShares Funds' web site at www.ishares.ca, or at the unitholder's request at no cost, by contacting the iShares Funds at iSharesCanada_inquiries@blackrock.com.

Custodian

State Street Trust Company Canada ("SSTCC") is the custodian of the iShares Funds pursuant to a service module (the "Custody Agreement") between BlackRock Canada, in its capacity as investment adviser and trustee of the iShares Funds, and SSTCC dated as of December 19, 2008, as amended from time to time. The Custody Agreement incorporates the terms and conditions of the Master Services Agreement ("MSA") between BlackRock Canada and BTC and certain U.S.-based funds and institutional accounts named therein and State Street Bank and Trust Company ("SSBT") and SSTCC. The initial term of the Custody Agreement will continue until the later of May 15, 2014 or the expiration of the service modules entered into by certain U.S.-based funds and institutional accounts and SSBT. The Custody Agreement may be terminated earlier in accordance with the terms and conditions therein or in the MSA, including in the event of a breach of SSTCC's standard of care or where BlackRock Canada believes in its sole judgment acting in its capacity as a fiduciary that the continued provision of services by SSTCC would, in the circumstances, constitute a breach by BlackRock Canada of its duties as a fiduciary. Pursuant to the Custody Agreement, SSTCC or SSBT, as the case may be, performs certain fund accounting and other services for the iShares Funds. SSTCC's principal offices are located in Toronto, Ontario.

In order to secure SSTCC's obligations under the arrangements described above, State Street Bank, the U.S.-based controlling shareholder of SSTCC, entered into a guarantee and support agreement on July 31, 2003 pursuant to which State Street Bank guarantees SSTCC's obligations to the iShares Funds under the Custody Agreement and will covenant to cause SSTCC to perform such obligations.

Subcustodians

SSTCC has appointed BTC, BRAL and SSBT as subcustodians pursuant to subcustodial agreements entered into by SSTCC or its predecessor company, IBT Trust Company (Canada).

Auditor

The auditor of the iShares Funds is PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario.

Registrar and Transfer Agent

The registrar and transfer agent for the Units is SSTCC, at its principal offices in Toronto, Ontario.

CALCULATION OF NET ASSET VALUE

The Net Asset Value of each iShares Fund will be equal to the market value of the total assets held by the iShares Fund, less an amount equal to the total liabilities of the iShares Fund. Each iShares Fund will calculate its Net Asset Value on a daily basis after the close of the market on each day on which trading takes place on the TSX (a "Canadian Trading Day"), or on such other days as BlackRock Canada may determine, in its sole discretion.

Valuation Policies and Procedures

The determination of the Net Asset Value of each of the iShares Funds will be made on the following basis for the purpose of any issue or redemption of Units by an iShares Fund:

- (a) the value of any security which is listed or dealt with on a stock exchange or traded on an over-the-counter market will be (i) in the case of a security which was traded on a Canadian Trading Day, the closing sale price, or (ii) in the case of a security which was not traded on a Canadian Trading Day the price last determined for such security for the purpose of calculating the Net Asset Value of the iShares Fund;
- (b) dividend income will be recognized on the ex-dividend date and interest income will be accrued daily;
- (c) the value of any bond will be the price provided by PC-Bond, a business unit of the TSX. PC-Bond will determine the price from quotes received from one or more dealers in the applicable bond, selected for this purpose by PC-Bond;
- (d) the value of a futures contract will be (i) if daily limits imposed by the futures exchange through which the futures contract was issued are not in effect, the gain or loss on the futures contract that would be realized if, on a Canadian Trading Day, the position in the contract were to be closed out; or (ii) if daily limits imposed by the futures exchange through which the futures contract was issued are in effect, based on the current market value of the underlying interest of the futures contract;
- (e) margin paid or deposited on futures contracts will be reflected as an account receivable and, if not in the form of cash, will be noted as held for margin;

- (f) the value of a forward contract or swap will be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (g) the value of any security or other property (other than property contemplated above) for which a market quotation is not readily available will be its market value as determined by BlackRock Canada in such manner as BlackRock Canada will from time to time provide;
- (h) any market price reported in foreign currency will be translated into Canadian currency at the prevailing rate of exchange, as determined by BlackRock Canada, on the Canadian Trading Day the Net Asset Value of the applicable iShares Fund is being determined; and
- (i) notwithstanding the foregoing, the value of all fund property shall be the value that BlackRock Canada determines, in its reasonable discretion, most accurately reflects its value in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of money or money's worth.

Canadian generally accepted accounting principles ("GAAP") requires that the fair value of long positions in financial instruments (specifically portfolio securities held by an iShares Fund that are actively traded) be measured based on the bid price for the security instead of the close price or last sale price of the security for the day. This requirement is reflected in the reported value of an iShares Fund's investments in its annual and interim financial statements, as these financial statements are prepared in accordance with Canadian GAAP. However, in accordance with National Instrument 81-106 — *Investment Fund Continuous Disclosure* the fair value of a portfolio security used to determine the daily Net Asset Value per Unit of an iShares Fund for subscription orders, exchanges or redemptions is based on the iShares Fund's valuation principles set out above, which are not the same as the Canadian GAAP requirements.

Net Asset Value per Unit

The Net Asset Value per Unit of each iShares Fund will be calculated on each Canadian Trading Day or on such other days as BlackRock Canada may determine in its sole discretion after the close of the market by dividing the Net Asset Value of the applicable iShares Fund by the total number of Units outstanding. The Net Asset Value per Unit and the Net Asset Value of each iShares Fund will be determined in Canadian currency and may also be determined in any other currency at the discretion of BlackRock Canada from time to time.

Each portfolio transaction will be reflected in the computation of Net Asset Value per Unit no later than the computation of Net Asset Value per Unit next made after the date on which the transaction becomes binding. The issue, exchange or redemption of Units will be reflected in the computation of Net Asset Value per Unit next made after the computation made for the purpose of such issue, exchange or redemption.

Reporting of Net Asset Value

The Net Asset Value and Net Asset Value per Unit of each iShares Fund will be displayed daily at www.ishares.ca.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

A Unit of each iShares Fund represents an equal beneficial interest in the applicable iShares Fund. Each iShares Fund is entitled to issue an unlimited number of Units. The iShares Funds are organized as trusts and commodity pools and unitholders of the iShares Funds are not shareholders of a corporation.

Subscriptions

All orders to purchase Units directly from an iShares Fund must be placed by Underwriters. See “Purchase of Units – Issuance of Units”.

Certain Provisions of the Units

Each Unit of each iShares Fund has identical rights and privileges. Each whole Unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by an iShares Fund to unitholders, including distributions of net income and net realized capital gains and distributions upon the termination of the iShares Fund. Units are issued only as fully paid and are non-assessable.

Exchange of Units for Baskets of Securities

Unitholders of the iShares Funds may exchange the Prescribed Number of Units (or an integral multiple thereof) of any iShares Fund on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. See “Exchange and Redemption of Units – Exchange of Units at Net Asset Value per Unit for Baskets of Securities and Cash”.

Redemptions of Units for Cash

On any Trading Day, unitholders may redeem Units of any iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the TSX. See “Exchange and Redemption of Units – Redemption of Units for Cash”.

Exercise of Voting Rights over Baskets of Securities

Unitholders of an iShares Fund will not have any right to vote securities held by such iShares Fund.

UNITHOLDER MATTERS

Meetings of Unitholders

Except as otherwise required by law, meetings of unitholders of an iShares Fund will be held if called by BlackRock Canada upon written notice of not less than 21 days nor more than 50 days before the meeting.

Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of unitholders of an iShares Fund to be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the iShares Fund or directly to its unitholders by the iShares Fund or BlackRock Canada in connection with the holding of Units of the iShares Fund is changed in a way that could result in an increase in charges to the iShares Fund or its unitholders, except where:
 - (i) the iShares Fund is at arm's length to the person or company charging the fee or expense;
 - (ii) the unitholders have received at least 60 days' prior written notice before the effective date of the change; and

- (iii) the right to notice described in (b) is disclosed in the prospectus of the iShares Fund;
- (b) a fee or expense, to be charged to an iShares Fund or directly to its unitholders by the iShares Fund or BlackRock Canada in connection with the holding of Units of the iShares Fund that could result in an increase in charges to the iShares Fund or its unitholders, is introduced;
- (c) the manager of the iShares Fund is changed, unless the new manager of the iShares Fund is an affiliate of BlackRock Canada;
- (d) the fundamental investment objectives of the iShares Fund are changed;
- (e) the iShares Fund decreases the frequency of the calculation of its Net Asset Value per Unit;
- (f) the iShares Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, if the iShares Fund ceases to continue after the reorganization or transfer of assets and the transaction results in the unitholders of the iShares Fund becoming securityholders in the other mutual fund, unless:
 - (i) the IRC of the iShares Fund has approved the change in accordance with NI 81-107;
 - (ii) the iShares Fund is being reorganized with, or its assets are being transferred to, another mutual fund that is subject to NI 81-102 and NI 81-107 and managed by BlackRock Canada, or an affiliate of BlackRock Canada;
 - (iii) the unitholders have received at least 60 days' prior written notice before the effective date of the change;
 - (iv) the right to notice described in (c) is disclosed in the prospectus of iShares Fund; and
 - (v) the transaction complies with certain other requirements of applicable securities legislation;
- (g) the iShares Fund undertakes a reorganization with, or acquires assets from, another mutual fund, if the iShares Fund continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming unitholders of the iShares Fund, and the transaction would be a material change to the iShares Fund; or
- (h) any matter which is required by the constating documents of the iShares Fund or by the laws applicable to the iShares Fund or by any agreement to be submitted to a vote of the unitholders of the iShares Fund.

In addition, the auditor of an iShares Fund may not be changed unless:

- (a) the IRC of the iShares Fund has approved the change in accordance with NI 81-107;
- (b) unitholders have received at least 60 days' prior written notice before the effective date of the change; and
- (c) the right to notice described in (b) is disclosed in the prospectus of the iShares Funds.

Approval of unitholders of an iShares Fund will be deemed to have been given if expressed by resolution passed at a meeting of unitholders of the iShares Fund duly called and held for the purpose of considering the same, by at least a majority of the votes cast.

Amendments to the Master Declaration of Trust

BlackRock Canada may amend the Master Declaration of Trust from time to time in writing. BlackRock Canada must notify unitholders at least 60 days' prior to the effective date of any amendments made to the Master Declaration of Trust. None of the following shall occur unless duly approved by at least a majority of the unitholders present in person or by proxy at a meeting of unitholders which has been duly called and held for that purpose:

- (a) any modification, amendment, alteration or deletion of the rights, privileges or restrictions attaching to Units set out in the Master Declaration of Trust;
- (b) any change in the fundamental investment objectives of an iShares Fund set out in the Master Declaration of Trust;
- (c) any increase in the amount of fees payable by an iShares Fund; and
- (d) any other matter in respect of which applicable securities legislation would require a unitholder vote to be held.

Unitholders are entitled to one vote per whole Unit held on the record date established for voting at any meeting of unitholders.

Pursuant to the Master Declaration of Trust, BlackRock Canada is not required to provide notice with respect to any amendment to the Master Declaration of Trust that is (i) made to ensure continuing compliance with Canadian securities legislation and other applicable laws in effect from time to time; (ii) intended to provide additional protection for unitholders; or (iii) intended to deal with minor or clerical matters or to correct typographical mistakes, ambiguities or manifest omissions or errors or any amendment which, in the opinion of BlackRock Canada, is not prejudicial to unitholders and is necessary or desirable.

Permitted Mergers

An iShares Fund may, without unitholder approval, enter into a merger or other similar transaction with any Canadian mutual fund which has a similar investment objective, valuation procedure and fee structure (a "Permitted Merger"), subject to:

- (a) approval of the merger by the IRC;
- (b) compliance with certain merger pre-approval conditions set out in Section 5.6 of NI 81-102; and
- (c) written notice being provided to unitholders at least 60 days' before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

Reporting to Unitholders

The fiscal year end of the iShares Funds is December 31. The iShares Funds will deliver or make available to unitholders (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference".

Each unitholder will also be mailed annually, by his or her broker, no later than March 31, information necessary to enable such unitholder to complete an income tax return with respect to amounts paid or payable by one or more iShares Funds in respect of the preceding taxation year of such iShares Fund(s).

TERMINATION OF THE iSHARES FUNDS

Each iShares Fund may be terminated by BlackRock Canada on not less than 60 days' and not more than 90 days' notice to unitholders. The rights of unitholders to exchange and redeem Units will cease as and from the date of termination of the applicable iShares Fund so fixed by BlackRock Canada. The iShares Fund will issue a press release at least 10 business days in advance of the termination date. Upon termination of an iShares Fund, the portfolio securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the iShares Fund shall be distributed pro rata among the unitholders of the iShares Fund.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

BlackRock Canada will comply with the procedures described below with respect to the voting of proxies received from issuers of securities held by the iShares Funds. If an iShares Fund receives a proxy (i) from an iShares ETF, BlackRock Canada will not vote the securities or (ii) from another issuer, BlackRock Canada will vote the proxy in accordance with the proxy voting guidelines and the BlackRock Global Corporate Governance and Engagement Principles (together, the “**Proxy Voting Guidelines**”) applicable to the securities of a Canadian issuer held by the iShares Funds. For any proxy received related to a security of a non-Canadian issuer that is held by the iShares Funds (that is not an iShares ETF), BlackRock Canada will vote the proxy in accordance with the proxy voting guidelines adopted by BlackRock Canada and its affiliates applicable to the jurisdiction in which the issuer of such non-Canadian security resides.

The Proxy Voting Guidelines provide that BlackRock and its subsidiaries, including BlackRock Canada, seek to make proxy voting decisions in the manner most likely to protect and promote the economic value of the securities held in client accounts. The Proxy Voting Guidelines are divided into key themes which group together the issues that frequently appear on the agenda of annual and special meetings of shareholders. The key themes are summarized below.

- (a) **Boards and Directors** – BlackRock Canada generally supports board nominees in most uncontested elections. However, BlackRock Canada may withhold votes from the entire board in certain situations, including, but not limited to (i) where a board fails to implement shareholder proposals that receive a majority of votes cast at a prior shareholder meeting, and the proposals, in BlackRock Canada’s view, have a direct and substantial impact on shareholders’ fundamental rights or long-term economic interests; and (ii) where a board implements a poison pill plan without seeking shareholder approval beforehand or within a reasonable period of time after implementation. BlackRock Canada may also withhold votes from members (or prior members) of particular board committees in certain situations, including, but not limited to, an insider or affiliated outsider who sits on any of the board’s key committees that BlackRock Canada generally believes should be entirely independent or members of that audit committee during a period when the board failed to facilitate quality, independent auditing. BlackRock Canada may also withhold votes from individual board members in certain situations, including, but not limited to, a director who has acted in a manner that compromises his or her ability to represent the best long-term economic interests of shareholders and a director with a pattern of attending less than 75% of combined board and applicable key committee meetings.

The Proxy Voting Guidelines also address BlackRock Canada’s approach on matters related to the opportunity to elect individual board members or a slate of directors, age and term limits, board size, classified board of directors, staggered terms, cumulative voting for directors, director compensation and equity plans, independent board composition, limits on director removal, majority vote requirements and the separation of chairman and chief executive officer positions.

- (b) **Auditors and Audit Related Issues** – BlackRock Canada recognizes the critical importance of financial statements that provide a complete and accurate portrayal of a company’s financial

condition. Consistent with its approach to voting on boards of directors, BlackRock Canada seeks to hold the audit committee of the board responsible for overseeing the management of the audit function at a company, and may withhold votes from audit committee members in the election of directors where the board has failed to facilitate quality, independent auditing. BlackRock Canada takes particular note of cases involving significant financial restatements or material weakness disclosures.

The integrity of financial statements depends on the auditor effectively fulfilling its role. To that end, BlackRock Canada favours an independent auditor. In addition, to the extent that an auditor fails to reasonably identify and address issues that eventually lead to a significant financial restatement, or the audit firm violates standards of practice that protect the interests of shareholders, BlackRock Canada may also vote against ratification.

From time to time, shareholder proposals may be presented to promote auditor independence or the rotation of audit firms. BlackRock Canada may support these proposals when they are consistent with its views as described above.

- (c) **Capital Structure, Mergers, Asset Sales and Other Special Transactions** – In reviewing merger and asset sale proposals, BlackRock Canada's primary concern is the best long-term economic interest of shareholders. Key factors typically used to evaluate these types of proposals include market premium, strategic reason for transaction, board approval/transaction history and financial advisors' fairness opinions.
- (d) **Remuneration Benefits** – BlackRock Canada notes that there are also management and shareholder proposals related to executive compensation that appear on corporate ballots. BlackRock Canada generally votes on these proposals as described in the Proxy Voting Guidelines, except that it typically opposes shareholder proposals on issues where the company already has a policy in place that BlackRock Canada believes is sufficient to address the issue. BlackRock Canada may also oppose a shareholder proposal regarding executive compensation if the company's history suggests that the issue raised is not likely to present a problem for the company.

BlackRock Canada generally opposes proposals asking for companies to adopt advisory resolutions on compensation committee reports ("say-on-pay"). BlackRock Canada believes that compensation committees are in the best position to make compensation decisions and should maintain significant flexibility in administering compensation programs. It is BlackRock Canada's view that shareholders have a sufficient and much more powerful "say-on-pay" in the form of director elections, in particular with regards to members of the compensation committee.

BlackRock Canada generally favours claw back proposals brought by shareholders which seek to recoup bonuses paid to senior executives if paid based on financial results that are later restated, regardless of an executive's role in the faulty reporting.

The Proxy Voting Guidelines also address BlackRock Canada's approach on proxy matters related to employee stock purchase plans, equity compensation plans, golden parachutes, option exchanges, pay-for-superior performance, supplemental executive retirement plans and stock option expensing.

- (e) **Social, Ethical and Environmental Issues and General Corporate Governance Matters** – The Proxy Voting Guidelines also include policies and procedures pursuant to which BlackRock Canada will determine how to cause an iShares Fund to vote on other non-routine matters, including social, ethical and environmental issues and corporate governance matters.

BlackRock Canada will maintain records of and provide reports on votes cast by the iShares Funds. These records will be prepared on an annual basis and will be posted on the web site www.ishares.ca, in accordance with applicable securities legislation.

MATERIAL CONTRACTS

The following table summarizes the material contracts for the iShares Funds. These contracts are available for inspection at the offices of the iShares Funds at the address above.

Contract	Purpose	Dated
Master Declaration of Trust	The creation, issue, trading, exchange and redemption of Units of the iShares Funds are provided for in the Master Declaration of Trust made by BlackRock Canada.	Amended and restated as of August 31, 2011
Investment Sub- Advisory Agreement	BTC has been appointed to provide investment management and/or investment advisory services to the iShares Funds.	April 1, 2009, as amended
Custody Agreement	SSTCC is custodian of the iShares Funds. SSTCC or SSBT, as the case may be, provides certain services, including fund accounting and other services.	December 19, 2008, as amended
Securities Lending Authorization Agreement	The iShares Funds may engage in securities lending pursuant to a securities lending authorization agreement between BlackRock Canada and BTC.	August 17, 2005, as amended
Securities Lending Management Agreement	The iShares Funds may engage in securities lending pursuant to a securities lending management agreement among BlackRock Canada and BRAL.	August 19, 2004, as amended

EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the iShares Funds and BlackRock Canada, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See "Income Tax Considerations".

PricewaterhouseCoopers LLP, the auditor of the iShares Funds, has consented to the use of their report on the iShares Funds dated March 10, 2011. PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the iShares Funds within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

EXEMPTIONS AND APPROVALS

Each iShares Fund has received exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (a) to enable the purchase and sale of Units of the iShares Funds on the TSX, which precludes the transmission of purchase or redemption orders to the head office of the iShares Fund;
- (b) to permit the payment for the issuance of Units of the iShares Funds partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with Section 9.4(2)(b) of NI 81-102;

- (c) to permit the redemption of less than the Prescribed Number of Units of a iShares Fund at a price equal to 95% of the closing price for the applicable Units on the TSX on the effective date of redemption;
- (d) to relieve the iShares Funds from the requirement relating to the record date for the payment of distributions, provided that the iShares Fund comply with applicable TSX requirements;
- (e) to permit the use of the word “shares” in the name of each iShares Fund;
- (f) to relieve the iShares Funds from the requirement that a prospectus contain a certificate of the underwriters;
- (g) to relieve BlackRock Canada from the dealer registration requirement provided that BlackRock Canada complies with Part 15 of NI 81-102;
- (h) to enable the purchase by a unitholder of more than 20% of the Units of any iShares Fund through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided that any such unitholder, and any person acting jointly or in concert with the unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of that iShares Fund at any meeting of unitholders;
- (i) to enable the iShares Funds to invest in the Dublin iShares Funds;
- (j) to relieve BlackRock Canada from the prohibition in Section 3.2(2)(a) of NI 81-104 on redeeming its initial investment in the iShares Funds;
- (k) to permit an iShares Fund to purchase certain non exchange-traded debt securities of related issuers in the secondary market, provided that certain conditions are met, including that the purchase and holding are consistent with the investment objectives of the iShares Fund, BlackRock Canada and the IRC comply with certain provisions of NI 81-107, the price payable for the security is not more than its ask price determined in accordance with the relief, the transaction complies with applicable market integrity requirements in NI 81-107 and certain filings are made with Canadian securities regulatory authorities;
- (l) to permit an iShares Fund to purchase certain exchange-traded securities of related issuers in the secondary market, provided that certain conditions are met, including that the purchase and holding are consistent with the investment objective of the iShares Fund, the IRC has approved the transaction in accordance with Section 5.2(2) of NI 81-107, the purchase is made on an exchange on which the securities are listed and traded and certain filings are made with Canadian securities regulatory authorities;
- (m) to permit an iShares Fund to purchase debt securities from or sell debt securities to another mutual fund to which NI 81-102 does not apply and of which BlackRock Canada is the investment fund manager, provided that certain conditions are met, including that the IRC and the independent review committee of the other mutual fund have approved the transaction in accordance with Section 5.2(2) of NI 81-107 and that the transaction complies with paragraphs (c) to (g) of Section 6.1(2) of NI 81-107; and
- (n) to permit an iShares Fund to purchase securities from, or sell securities to, certain accounts managed by BlackRock Canada or certain of its affiliates and to engage in certain *in specie* transactions with such managed accounts, provided that certain conditions are met.

OTHER MATERIAL FACTS

Trademark Matters

“iShares®” is a registered trademark of BTC. Used with permission.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in several of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of securities. In several of the provinces and territories of Canada, securities legislation provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of his or her province. A purchaser will not be entitled to exercise any statutory remedy for rescission or damages against any Underwriter in the event that the prospectus and any amendment contains a misrepresentation.

A purchaser should refer to any applicable provisions of the securities legislation of his or her province or territory of residence for the particulars of these rights or consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the iShares Funds are in continuous distribution, additional information will be available in:

- (a) the most recently filed comparative annual financial statements of the iShares Funds, together with the accompanying report of the auditor;
- (b) any interim financial statements of the iShares Funds filed after the most recently filed comparative annual financial statements of the iShares Funds;
- (c) the most recently filed annual MRFP of the iShares Funds; and
- (d) any interim MRFP of the iShares Funds filed after the most recently filed annual MRFP of the iShares Funds.

These documents are incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. Copies of the foregoing documents are publicly available on the iShares Funds web site at www.ishares.ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are publicly available at www.sedar.com.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or includes any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this prospectus.

AUDITOR'S CONSENT

iShares Conservative Core Portfolio Builder Fund
iShares Growth Core Portfolio Builder Fund
iShares Global Completion Portfolio Builder Fund
iShares Alternatives Completion Portfolio Builder Fund
(collectively, the “**Funds**”)

We have read the prospectus (the “**Prospectus**”) of the Funds, dated November 11, 2011, relating to the issue and sale of units of the Funds. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned Prospectus, of our report dated March 10, 2011 to the Trustee and Unitholders of the Funds, on the following financial statements:

Statement of investments of each Fund as at December 31, 2010;

Statements of net assets of each Fund as at December 31, 2010 and 2009; and

Statements of operations and changes in net assets of each Fund for the years ended December 31, 2010 and 2009.

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
November 11, 2011

CERTIFICATE OF THE iSHARES FUNDS, TRUSTEE AND THE MANAGER

ON BEHALF OF
iSHARES CONSERVATIVE CORE PORTFOLIO BUILDER FUND
iSHARES GROWTH CORE PORTFOLIO BUILDER FUND
iSHARES GLOBAL COMPLETION PORTFOLIO BUILDER FUND
iSHARES ALTERNATIVES COMPLETION PORTFOLIO BUILDER FUND

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut.

Dated the 11th day of November, 2011.

BLACKROCK ASSET MANAGEMENT CANADA LIMITED
as Trustee and Manager of iSHARES FUNDS

(Signed) WILLIAM CHINERY
Chief Executive Officer

(Signed) PAUL GREENBERG
Chief Financial Officer

On behalf of the Board of Directors of
BlackRock Asset Management Canada Limited

(Signed) MARY ANNE WILEY
Director

(Signed) ERIC LÉVEILLÉ
Director