

## 2012 Annual Financial Statements

iShares Canadian Fundamental Index Fund • CRQ, CRQ.A

iShares Equal Weight Banc & Lifeco Fund • CEW, CEW.A

iShares Oil Sands Index Fund • CLO, CLO.A

iShares S&P/TSX Canadian Dividend Aristocrats  
Index Fund • CDZ, CDZ.A

iShares S&P/TSX Canadian Preferred Share  
Index Fund • CPD, CPD.A

iShares 1-5 Year Laddered Corporate Bond  
Index Fund • CBO, CBO.A

iShares 1-5 Year Laddered Government Bond  
Index Fund • CLF, CLF.A

iShares 1-10 Year Laddered Corporate Bond  
Index Fund • CBH, CBH.A

iShares 1-10 Year Laddered Government Bond  
Index Fund • CLG, CLG.A

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iShares Broad Emerging Markets Fund • CWO, CWO.A

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iShares Global Agriculture Index Fund • COW, COW.A

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# iShares Canadian Fundamental Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$236,966,547	\$213,577,241
Cash and cash equivalents .....	2,071,011	1,199,547
Receivables:		
Dividends .....	673,316	618,174
<b>Total Assets</b> .....	<b>239,710,874</b>	<b>215,394,962</b>
<b>Liabilities</b>		
Payables:		
Management fees .....	146,789	129,916
Service fees .....	28,759	31,773
Independent review committee fees .....	273	2,004
Distribution .....	1,438,825	1,232,263
<b>Total Liabilities</b> .....	<b>1,614,646</b>	<b>1,395,956</b>
<b>Net Assets</b> .....	<b>\$238,096,228</b>	<b>\$213,999,006</b>
<b>Net Assets</b>		
Common Units .....	\$196,933,540	\$170,907,660
Advisor Class Units .....	41,162,688	42,993,998
Institutional Class Units .....	—	97,348
<b>Total</b> .....	<b>\$238,096,228</b>	<b>\$213,999,006</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	16,600,000	15,423,000
Advisor Class Units .....	3,475,000	3,885,055
Institutional Class Units .....	—	8,555
<b>Net Assets per Unit</b>		
Common Units .....	\$ 11.86	\$ 11.08
Advisor Class Units .....	\$ 11.85	\$ 11.07
Institutional Class Units .....	\$ —	\$ 11.38

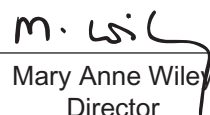
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$ 8,002,986	\$ 6,908,596
Securities lending income (Note 10) .....	—	170
Miscellaneous income .....	—	13,081
<b>Total revenue</b> .....	<b>8,002,986</b>	<b>6,921,847</b>
<b>Expenses</b>		
Management fees (Note 9) .....	1,697,590	1,612,692
Service fees (Note 9) .....	350,306	377,568
Independent review committee fees ..	2,673	10,726
Interest and bank charges .....	—	41
<b>Total expenses</b> .....	<b>2,050,569</b>	<b>2,001,027</b>
<b>Net Investment Income</b> .....	<b>5,952,417</b>	<b>4,920,820</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments .....	6,499,907	(2,841,329)
Net realized gain (loss) on foreign exchange transactions .....	(3,060)	3,913
Transaction costs (Notes 2 and 13) ..	(32,336)	(68,646)
Net change in unrealized appreciation/depreciation in value of investments .....	8,469,970	(22,967,438)
Net change in unrealized appreciation/depreciation on foreign exchange transactions ...	2,065	(774)
<b>Net realized and unrealized gain (loss) on investments</b> .....	<b>14,936,546</b>	<b>(25,874,274)</b>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<b>\$20,888,963</b>	<b>\$(20,953,454)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$17,293,462	\$(17,014,159)
Advisor Class Units .....	3,587,959	(4,381,634)
Institutional Class Units .....	7,542	442,339
<b>Total</b> .....	<b>\$20,888,963</b>	<b>\$(20,953,454)</b>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.02	\$ (1.13)
Advisor Class Units .....	\$ 0.97	\$ (1.15)
Institutional Class Units .....	\$ 0.88	\$ 1.64

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$213,999,006	\$224,153,747
<b>Increase (Decrease) in Net Assets from Operations</b> .....	20,888,963	(20,953,454)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	35,132,604	39,035,730
Reinvestment of distributions .....	1,824,943	72,185
Payments for units redeemed .....	(26,206,213)	(23,641,689)
<b>Net capital transactions</b> .....	10,751,334	15,466,226
<b>Distributions (Note 7)</b>		
From net investment income .....	(4,588,014)	(3,453,157)
From capital gains .....	(2,955,061)	—
Return of capital .....	—	(1,214,356)
<b>Total distributions</b> .....	(7,543,075)	(4,667,513)
<b>Increase (Decrease) in Net Assets</b> .....	24,097,222	(10,154,741)
<b>Net Assets, End of Year</b> .....	\$238,096,228	\$213,999,006
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$170,907,660	\$168,647,422
<b>Increase (Decrease) in Net Assets from Operations</b> .....	17,293,462	(17,014,159)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	35,132,604	36,140,919
Reinvestment of distributions .....	1,647,718	—
Payments for units redeemed .....	(21,417,926)	(12,914,370)
<b>Net capital transactions</b> .....	15,362,396	23,226,549
<b>Distributions (Note 7)</b>		
From net investment income .....	(4,329,790)	(3,086,631)
From capital gains .....	(2,300,188)	—
Return of capital .....	—	(865,521)
<b>Total distributions</b> .....	(6,629,978)	(3,952,152)
<b>Increase in Net Assets</b> .....	26,025,880	2,260,238
<b>Net Assets, End of Year</b> .....	\$196,933,540	\$170,907,660

### Advisor Class Units:

	2012	2011
<b>Net Assets, Beginning of Year</b> ..	\$ 42,993,998	\$ 45,120,885
<b>Increase (Decrease) in Net Assets from Operations</b> .....	3,587,959	(4,381,634)
<b>Capital Transactions</b>		
Proceeds from issuance of units ..	—	2,894,811
Reinvestment of distributions .....	177,225	—
Payments for units redeemed .....	(4,685,801)	—
<b>Net capital transactions</b> .....	(4,508,576)	2,894,811
<b>Distributions (Note 7)</b>		
From net investment income .....	(255,820)	(291,229)
From capital gains .....	(654,873)	—
Return of capital .....	—	(348,835)
<b>Total distributions</b> .....	(910,693)	(640,064)
<b>Decrease in Net Assets</b> .....	(1,831,310)	(2,126,887)
<b>Net Assets, End of Year</b> .....	\$ 41,162,688	\$ 42,993,998
<b>Institutional Class Units:</b>		
<b>Net Assets, Beginning of Year</b> ..	\$ 97,348	\$ 10,385,440
<b>Increase in Net Assets from Operations</b> .....	7,542	442,339
<b>Capital Transactions</b>		
Reinvestment of distributions .....	—	72,185
Payments for units redeemed .....	(102,486)	(10,727,319)
<b>Net capital transactions</b> .....	(102,486)	(10,655,134)
<b>Distributions (Note 7)</b>		
From net investment income .....	(2,404)	(75,297)
<b>Total distributions</b> .....	(2,404)	(75,297)
<b>Decrease in Net Assets</b> .....	(97,348)	(10,288,092)
<b>Net Assets, End of Year</b> .....	\$ —	\$ 97,348

## Statement of Investments

As at December 31, 2012

Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Equities — 99.53%</b>			
<b>Consumer Discretionary — 4.09%</b>			
Canadian Tire Corp. Ltd., Class 'A' .....	24,242	1,433,393	1,681,668
Magna International Inc., Class 'A' .....	72,821	2,617,453	3,610,465
Quebecor Inc., Class 'B' .....	19,257	566,359	744,090
Tim Hortons Inc. ....	12,401	654,184	605,045
Thomson Reuters Corp. ....	107,407	3,669,562	3,091,173
		8,940,951	9,732,441
<b>Consumer Staples — 4.73%</b>			
Alimentation Couche-Tard Inc., Class 'B' .....	38,603	851,459	1,881,896
Empire Co. Ltd., Class 'A' .....	15,435	794,722	906,806
George Weston Ltd. ....	27,620	1,803,330	1,950,248
Loblaw Cos. Ltd. ....	45,698	1,634,286	1,912,918
Metro Inc., Class 'A' .....	26,792	1,120,171	1,694,594
Saputo Inc. ....	20,066	676,368	1,007,313
Shoppers Drug Mart Corp. ....	44,739	1,931,568	1,910,803
		8,811,904	11,264,578

The accompanying notes are an integral part of the financial statements.

## iShares Canadian Fundamental Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Energy — 24.68%</b>				<b>Materials (continued)</b>			
ARC Resources Ltd.	55,786	1,330,759	1,356,158	Potash Corp. of Saskatchewan Inc.	52,256	2,194,033	2,110,097
Baytex Energy Corp.	13,948	745,439	597,951	Sheritt International Corp.	131,167	914,145	748,964
Bonavista Energy Corp.	37,840	754,353	558,897	Sino-Forest Corp., Class 'A'	36,640	810,310	-
Canadian Natural Resources Ltd.	159,003	5,533,707	4,552,256	Teck Resources Ltd., Class 'B'	106,779	3,500,107	3,849,383
Canadian Oil Sands Ltd.	147,630	3,222,556	2,976,221	Yamana Gold Inc.	66,172	772,493	1,128,233
Cenovus Energy Inc.	119,217	3,900,010	3,968,734			22,572,421	21,106,656
Crescent Point Energy Corp.	29,664	1,346,517	1,112,400	<b>Telecommunication Services — 3.18%</b>			
Enbridge Inc.	98,234	2,601,963	4,224,062	BCE Inc.	67,404	2,234,203	2,871,410
EnCana Corp.	442,175	8,593,007	8,666,630	Rogers Communications Inc., Class 'B'	28,454	1,024,819	1,284,414
Enerplus Corp.	73,820	1,709,082	949,325	Shaw Communications Inc., Class 'B'	77,864	1,594,553	1,776,078
Husky Energy Inc.	84,427	2,427,555	2,481,310	TELUS Corp.	13,909	607,184	904,641
Imperial Oil Ltd.	45,290	1,904,135	1,935,242	TELUS Corp., Non-Voting	11,247	474,362	726,444
Nexen Inc.	137,267	3,159,417	3,647,184			5,935,121	7,562,987
Pembina Pipeline Corp.	28,101	783,862	799,192	<b>Utilities — 2.25%</b>			
Pengrowth Energy Corp.	159,114	1,565,194	782,841	ATCO Ltd., Class 'I'	13,964	727,804	1,121,030
Penn West Petroleum Ltd.	160,155	3,220,441	1,724,869	Canadian Utilities Ltd., Class 'A'	14,311	717,522	1,026,671
Precision Drilling Corp.	86,034	1,032,258	705,479	Emera Inc.	22,670	712,940	785,742
Suncor Energy Inc.	231,556	8,071,986	7,574,197	Fortis Inc.	39,875	1,186,988	1,360,934
Talisman Energy Inc.	267,940	4,254,086	3,008,966	TransAlta Corp.	70,024	1,537,468	1,056,662
TransCanada Corp.	136,059	5,123,890	6,390,691			4,882,722	5,351,039
Vermilion Energy Inc.	14,457	699,342	749,162			225,818,489	236,966,547
		61,979,559	58,761,767	<b>Total Equities — 99.53%</b>		(70,827)	—
<b>Financial Services — 43.86%</b>				<b>Total Investments — 99.53%</b>		225,747,662	236,966,547
Bank of Montreal	143,656	8,005,886	8,735,721	<b>Cash and Cash Equivalents — 0.87%</b>			2,071,011
Bank of Nova Scotia	207,828	10,285,392	11,933,484	<b>Other Assets, Less Liabilities — (0.40)%</b>			(941,330)
Brookfield Asset Management Inc., Class 'A'	150,009	4,141,101	5,454,327	<b>Net Assets — 100.00%</b>			238,096,228
Brookfield Office Properties Inc.	80,135	1,158,132	1,352,679				
Canadian Imperial Bank of Commerce	85,404	6,068,143	6,829,758				
CI Financial Corp.	47,025	1,006,608	1,169,512				
Fairfax Financial Holdings Ltd.	5,298	1,961,045	1,883,545				
Great-West Lifeco Inc.	88,493	2,288,266	2,151,265				
H&R REIT	29,223	595,886	704,274				
IGM Financial Inc.	26,382	1,154,666	1,097,227				
Industrial Alliance Insurance and Financial Services Inc.	32,951	1,204,412	1,032,355				
Intact Financial Corp.	19,868	865,648	1,285,261				
Manulife Financial Corp.	771,252	8,661,235	10,396,477				
National Bank of Canada	32,329	1,999,367	2,494,182				
Onex Corp.	57,709	1,642,918	2,415,122				
Power Corp. of Canada	204,643	5,696,684	5,179,514				
Power Financial Corp.	101,917	3,063,250	2,772,142				
RioCan REIT	34,837	669,758	958,018				
Royal Bank of Canada	280,200	14,960,107	16,764,366				
Sun Life Financial Inc.	269,507	7,815,691	7,098,814				
Toronto-Dominion Bank (The)	151,974	10,467,825	12,712,625				
		93,712,020	104,420,668				
<b>Health Care — 0.65%</b>							
Valeant Pharmaceuticals International Inc.	26,183	1,118,171	1,551,081				
		1,118,171	1,551,081				
<b>Industrials — 5.06%</b>							
Bombardier Inc., Class 'A'	19,569	101,768	74,754				
Bombardier Inc., Class 'B'	439,793	2,029,171	1,653,622				
Canadian National Railway Co.	55,980	3,471,167	5,056,673				
Canadian Pacific Railway Ltd.	24,517	1,434,804	2,472,294				
Finning International Inc.	31,972	670,310	785,232				
SNC-Lavalin Group Inc.	26,883	1,301,161	1,083,385				
Superior Plus Corp.	89,222	913,682	910,957				
		9,922,063	12,036,917				
<b>Information Technology — 2.17%</b>							
Celestica Inc.	103,638	887,054	836,359				
CGI Group Inc., Class 'A'	38,771	583,747	889,407				
Research In Motion Ltd.	293,094	6,472,756	3,452,647				
		7,943,557	5,178,413				
<b>Materials — 8.86%</b>							
Agnico-Eagle Mines Ltd.	18,589	629,728	967,000				
Agrium Inc.	20,262	1,428,402	2,008,775				
Barrick Gold Corp.	104,582	4,414,850	3,630,041				
Cameco Corp.	50,067	1,287,248	978,810				
First Quantum Minerals Ltd.	39,188	904,593	857,825				
Goldcorp Inc.	67,347	2,785,447	2,450,084				
Kinross Gold Corp.	181,254	2,347,879	1,745,476				
Methanex Corp.	19,999	583,186	631,968				

As at December 31, 2011, the investments categorized by sector/  
investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Consumer Discretionary	5.08
Consumer Staples	5.64
Energy	20.52
Financial Services	46.02
Health Care	0.57
Industrials	5.41
Information Technology	1.21
Materials	8.32
Telecommunications Services	4.20
Utilities	2.83
Cash and Cash Equivalents	0.56
Other Assets, Less Liabilities	(0.36)
<b>Total</b>	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.

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# iShares Equal Weight Banc & Lifeco Fund

## Statements of Net Assets

As at December 31

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$92,556,009	\$88,525,071
Cash and cash equivalents .....	707,953	551,103
Receivables:		
Dividends .....	293,618	310,494
Investment securities sold .....	664,523	—
<b>Total Assets</b> .....	<u>94,222,103</u>	<u>89,386,668</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	47,672	49,135
Service fees .....	43,157	45,144
Independent review committee fees .....	102	1,009
Capital units redeemed .....	631,230	—
Distribution .....	416,725	446,950
<b>Total Liabilities</b> .....	<u>1,138,886</u>	<u>542,238</u>
<b>Net Assets</b> .....	<u>\$93,083,217</u>	<u>\$88,844,430</u>
<b>Net Assets</b>		
Common Units .....	\$31,589,683	\$27,766,684
Advisor Class Units .....	61,493,534	61,077,746
<b>Total</b> .....	<u>\$93,083,217</u>	<u>\$88,844,430</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	4,200,000	4,286,000
Advisor Class Units .....	9,750,000	10,851,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 7.52	\$ 6.48
Advisor Class Units .....	\$ 6.31	\$ 5.63

## Statements of Operations

For the years ended December 31

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Dividend income .....	\$ 4,094,920	\$ 4,186,969
Securities lending income (Note 10) .....	8,857	3,614
<b>Total revenue</b> .....	<u>4,103,777</u>	<u>4,190,583</u>
<b>Expenses</b>		
Management fees (Note 9) .....	548,058	627,473
Service fees (Note 9) .....	507,352	599,462
Independent review committee fees .....	888	5,156
Interest and bank charges .....	—	130
<b>Total expenses</b> .....	<u>1,056,298</u>	<u>1,232,221</u>
<b>Net Investment Income</b> .....	<u>3,047,479</u>	<u>2,958,362</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	481,900	1,090,222
Transaction costs (Notes 2 and 13) .....	(3,223)	(5,203)
Net change in unrealized appreciation/depreciation in value of investments .....	12,836,230	(15,745,873)
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>13,314,907</u>	<u>(14,660,854)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$16,362,386</u>	<u>\$(11,702,492)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$ 5,332,042	\$ (3,483,480)
Advisor Class Units .....	11,030,344	(8,219,012)
<b>Total</b> .....	<u>\$16,362,386</u>	<u>\$(11,702,492)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.27	\$ (0.82)
Advisor Class Units .....	\$ 1.07	\$ (0.74)

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.





## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> ..	\$ 88,844,430	\$109,457,732
<b>Increase (Decrease) in Net Assets from Operations</b> .....	16,362,386	(11,702,492)
<b>Capital Transactions</b>		
Proceeds from issuance of units ..	4,805,211	10,278,408
Payments for units redeemed .....	(11,781,443)	(13,778,380)
<b>Net capital transactions</b> .....	(6,976,232)	(3,499,972)
<b>Distributions (Note 7)</b>		
From net investment income .....	(2,224,918)	(1,188,312)
From capital gains .....	(526,147)	(1,915,103)
Return of capital .....	(2,396,302)	(2,307,423)
<b>Total distributions</b> .....	(5,147,367)	(5,410,838)
<b>Increase (Decrease) in Net Assets</b> .....	4,238,787	(20,613,302)
<b>Net Assets, End of Year</b> .....	\$ 93,083,217	\$ 88,844,430
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> ..	\$ 27,766,684	\$ 30,993,666
<b>Increase (Decrease) in Net Assets from Operations</b> .....	5,332,042	(3,483,480)
<b>Capital Transactions</b>		
Proceeds from issuance of units ..	3,637,899	8,361,216
Payments for units redeemed .....	(4,026,650)	(6,990,770)
<b>Net capital transactions</b> .....	(388,751)	1,370,446
<b>Distributions (Note 7)</b>		
From net investment income .....	(1,120,292)	(307,450)
From capital gains .....	—	(686,192)
Return of capital .....	—	(120,306)
<b>Total distributions</b> .....	(1,120,292)	(1,113,948)
<b>Increase (Decrease) in Net Assets</b> .....	3,822,999	(3,226,982)
<b>Net Assets, End of Year</b> .....	\$ 31,589,683	\$ 27,766,684
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> ..	\$ 61,077,746	\$ 78,464,066
<b>Increase (Decrease) in Net Assets from Operations</b> .....	11,030,344	(8,219,012)
<b>Capital Transactions</b>		
Proceeds from issuance of units ..	1,167,312	1,917,192
Payments for units redeemed .....	(7,754,793)	(6,787,610)
<b>Net capital transactions</b> .....	(6,587,481)	(4,870,418)
<b>Distributions (Note 7)</b>		
From net investment income .....	(1,104,626)	(880,862)
From capital gains .....	(526,147)	(1,228,911)
Return of capital .....	(2,396,302)	(2,187,117)
<b>Total distributions</b> .....	(4,027,075)	(4,296,890)
<b>Increase (Decrease) in Net Assets</b> .....	415,788	(17,386,320)
<b>Net Assets, End of Year</b> .....	\$ 61,493,534	\$ 61,077,746

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.43%</b>			
<b>Banks — 58.33%</b>			
Bank of Montreal .....	148,715	7,592,663	9,043,359
Bank of Nova Scotia .....	161,790	7,281,099	9,289,982
Canadian Imperial Bank of Commerce .....	111,725	7,679,035	8,934,648
National Bank of Canada .....	113,723	6,135,431	8,773,729
Royal Bank of Canada .....	154,147	7,455,996	9,222,615
Toronto-Dominion Bank (The) .....	108,054	6,545,771	9,038,717
		42,689,995	54,303,050
<b>Insurance — 41.10%</b>			
Great-West Lifeco Inc. ....	381,615	9,642,564	9,277,061
Industrial Alliance Insurance and Financial Services Inc. ....	320,920	9,368,097	10,054,424
Manulife Financial Corp. ....	711,276	13,050,228	9,588,000
Sun Life Financial Inc. ....	354,346	10,770,270	9,333,474
		42,831,159	38,252,959
<b>Total Equities — 99.43%</b> .....		85,521,154	92,556,009
<b>Transaction costs (Note 2)</b> .....		(13,823)	—
<b>Total Investments — 99.43%</b> .....		85,507,331	92,556,009
<b>Cash and Cash Equivalents — 0.76%</b> .....			707,953
<b>Other Assets, Less Liabilities — (0.19)%</b> .....			(180,745)
<b>Net Assets — 100.00%</b> .....			93,083,217

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Banks .....	64.37
Insurance .....	35.27
Cash and Cash Equivalents .....	0.62
Other Assets, Less Liabilities .....	(0.26)
<b>Total</b> .....	100.00

The accompanying notes are an integral part of the financial statements.

# iShares Oil Sands Index Fund

## Statements of Net Assets

As at December 31

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$32,272,112	\$40,125,701
Cash and cash equivalents .....	98,225	81,444
Receivables:		
Dividends .....	45,178	51,664
Investment securities sold .....	2,736,709	106,715
Total Assets .....	<u>35,152,224</u>	<u>40,365,524</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	17,127	22,355
Service fees .....	3,191	4,073
Independent review committee fees .....	41	373
Capital units redeemed .....	1,418,630	—
Investment securities purchased .....	3,453,881	—
Distribution .....	49,590	154,868
Total Liabilities .....	<u>4,942,460</u>	<u>181,669</u>
<b>Net Assets</b> .....	<u>\$30,209,764</u>	<u>\$40,183,855</u>
<b>Net Assets</b>		
Common Units .....	\$25,607,894	\$34,717,100
Advisor Class Units .....	4,601,870	5,466,755
Total .....	<u>\$30,209,764</u>	<u>\$40,183,855</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,800,000	2,247,878
Advisor Class Units .....	325,000	355,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 14.23	\$ 15.44
Advisor Class Units .....	\$ 14.16	\$ 15.40

## Statements of Operations

For the years ended December 31

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Dividend income .....	\$ 637,458	\$ 635,859
Securities lending income (Note 10) .....	1,770	2,554
Miscellaneous income .....	—	7,689
Total revenue .....	<u>639,228</u>	<u>646,102</u>
<b>Expenses</b>		
Management fees (Note 9) .....	245,824	295,497
Service fees (Note 9) .....	41,572	60,346
Independent review committee fees .....	408	2,139
Interest and bank charges .....	—	549
Total expenses .....	<u>287,804</u>	<u>358,531</u>
<b>Net Investment Income</b> .....	<u>351,424</u>	<u>287,571</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments .....	(3,380,995)	(312,835)
Transaction costs (Notes 2 and 13) ..	(2,249)	(35,560)
Net change in unrealized appreciation/ depreciation in value of investments .....	336,628	(9,513,462)
<b>Net realized and unrealized loss on investments</b> .....	<u>(3,046,616)</u>	<u>(9,861,857)</u>
<b>Decrease in Net Assets from Operations</b> .....	<u>\$(2,695,192)</u>	<u>\$(9,574,286)</u>
<b>Decrease in Net Assets from Operations</b>		
Common Units .....	\$(2,323,572)	\$(8,180,743)
Advisor Class Units .....	(371,620)	(1,393,543)
Total .....	<u>\$(2,695,192)</u>	<u>\$(9,574,286)</u>
<b>Decrease in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ (1.09)	\$ (3.96)
Advisor Class Units .....	\$ (1.11)	\$ (3.50)

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . . .	\$40,183,855	\$41,324,991
<b>Decrease in Net Assets from Operations</b> . . . . .	(2,695,192)	(9,574,286)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	2,910,907	13,211,300
Payments for units redeemed . . . . .	(9,977,815)	(4,437,963)
<b>Net capital transactions</b> . . . . .	(7,066,908)	8,773,337
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(207,293)	(31,884)
Return of capital . . . . .	(4,698)	(308,303)
<b>Total distributions</b> . . . . .	(211,991)	(340,187)
<b>Decrease in Net Assets</b> . . . . .	(9,974,091)	(1,141,136)
<b>Net Assets, End of Year</b> . . . . .	\$30,209,764	\$40,183,855
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$34,717,100	\$33,083,338
<b>Decrease in Net Assets from Operations</b> . . . . .	(2,323,572)	(8,180,743)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	2,538,219	13,211,300
Payments for units redeemed . . . . .	(9,115,162)	(3,064,668)
<b>Net capital transactions</b> . . . . .	(6,576,943)	10,146,632
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(207,293)	(31,884)
Return of capital . . . . .	(1,398)	(300,243)
<b>Total distributions</b> . . . . .	(208,691)	(332,127)
<b>Increase (Decrease) in Net Assets</b> . . . . .	(9,109,206)	1,633,762
<b>Net Assets, End of Year</b> . . . . .	\$25,607,894	\$34,717,100
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$ 5,466,755	\$ 8,241,653
<b>Decrease in Net Assets from Operations</b> . . . . .	(371,620)	(1,393,543)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	372,688	—
Payments for units redeemed . . . . .	(862,653)	(1,373,295)
<b>Net capital transactions</b> . . . . .	(489,965)	(1,373,295)
<b>Distributions (Note 7)</b>		
Return of capital . . . . .	(3,300)	(8,060)
<b>Total distributions</b> . . . . .	(3,300)	(8,060)
<b>Decrease in Net Assets</b> . . . . .	(864,885)	(2,774,898)
<b>Net Assets, End of Year</b> . . . . .	\$ 4,601,870	\$ 5,466,755

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 106.82%</b>			
<b>Energy — 106.82%</b>			
Athabasca Oil Corp. . . . .	234,670	2,788,356	2,447,608
Baytex Energy Corp. . . . .	38,050	1,323,200	1,631,204
BlackPearl Resources Inc. . . . .	748,328	2,421,825	2,252,467
Canadian Natural Resources Ltd. . . . .	89,187	3,064,596	2,553,424
Canadian Oil Sands Ltd. . . . .	138,439	3,766,531	2,790,930
Cenovus Energy Inc. . . . .	84,367	2,585,967	2,808,577
Husky Energy Inc. . . . .	48,076	1,540,394	1,412,954
Imperial Oil Ltd. . . . .	66,029	2,931,523	2,821,419
MEG Energy Corp. . . . .	79,655	2,949,061	2,423,105
Nexen Inc. . . . .	47,782	1,138,083	1,269,568
Paramount Resources Ltd., Class 'A' . . . . .	29,236	934,993	933,505
Pengrowth Energy Corp. . . . .	194,222	956,461	955,572
Petrobank Energy and Resources Ltd. . . . .	192,073	2,601,794	2,362,498
Southern Pacific Resource Corp. . . . .	1,865,748	2,921,462	2,350,842
Suncor Energy Inc. . . . .	99,616	3,858,673	3,258,439
		35,782,919	32,272,112
<b>Total Equities — 106.82%</b> . . . . .		35,782,919	32,272,112
<b>Transaction costs (Note 2)</b> . . . . .		(4,777)	—
<b>Total Investments — 106.82%</b> . . . . .		35,778,142	32,272,112
<b>Cash and Cash Equivalents — 0.33%</b> . . . . .			98,225
<b>Other Assets, Less Liabilities — (7.15)%</b> . . . . .			(2,160,573)
<b>Net Assets — 100.00%</b> . . . . .			30,209,764

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Energy . . . . .	99.86
Cash and Cash Equivalents . . . . .	0.20
Other Assets, Less Liabilities . . . . .	(0.06)
<b>Total</b> . . . . .	100.00

The accompanying notes are an integral part of the financial statements.

# iShares S&P/TSX Canadian Dividend Aristocrats Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$886,574,377	\$623,505,025
Cash and cash equivalents .....	4,090,499	7,902,058
Receivables:		
Dividends .....	3,372,043	2,348,742
Capital units sold .....	—	4,233,080
<b>Total Assets</b> .....	<b>894,036,919</b>	<b>637,988,905</b>
<b>Liabilities</b>		
Payables:		
Management fees .....	493,493	351,427
Service fees .....	72,832	67,302
Independent review committee fees .....	951	4,135
Investment securities purchased .....	—	4,585,753
Distribution .....	2,394,750	1,518,628
<b>Total Liabilities</b> .....	<b>2,962,026</b>	<b>6,527,245</b>
<b>Net Assets</b> .....	<b>\$891,074,893</b>	<b>\$631,461,660</b>
<b>Net Assets</b>		
Common Units .....	\$786,141,652	\$538,965,423
Advisor Class Units .....	104,933,241	92,282,415
Institutional Class Units .....	—	213,822
<b>Total</b> .....	<b>\$891,074,893</b>	<b>\$631,461,660</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	35,100,000	25,381,800
Advisor Class Units .....	4,700,000	4,358,000
Institutional Class Units .....	—	9,507
<b>Net Assets per Unit</b>		
Common Units .....	\$ 22.40	\$ 21.23
Advisor Class Units .....	\$ 22.33	\$ 21.18
Institutional Class Units .....	\$ —	\$ 22.49

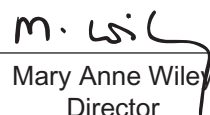
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$32,678,429	\$ 20,713,845
Securities lending income (Note 10) .....	190,468	26,924
Miscellaneous income .....	—	411
<b>Total revenue</b> .....	<b>32,868,897</b>	<b>20,741,180</b>
<b>Expenses</b>		
Management fees (Note 9) .....	5,151,848	3,820,827
Service fees (Note 9) .....	829,699	715,474
Independent review committee fees .....	9,760	24,798
Interest and bank charges .....	—	9,301
<b>Total expenses</b> .....	<b>5,991,307</b>	<b>4,570,400</b>
<b>Net Investment Income</b> .....	<b>26,877,590</b>	<b>16,170,780</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	25,968,388	30,948,549
Net realized gain (loss) on foreign exchange transactions .....	(21,410)	5,451
Transaction costs (Notes 2 and 13) .....	(106,419)	(286,963)
Net change in unrealized appreciation/depreciation in value of investments .....	12,115,796	(12,816,211)
Net change in unrealized appreciation/depreciation on foreign exchange transactions ..	3,125	(60)
<b>Net realized and unrealized gain on investments</b> .....	<b>37,959,480</b>	<b>17,850,766</b>
<b>Increase in Net Assets from Operations</b> .....	<b>\$64,837,070</b>	<b>\$ 34,021,546</b>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$57,081,093	\$ 29,492,641
Advisor Class Units .....	7,738,216	4,514,404
Institutional Class Units .....	17,761	14,501
<b>Total</b> .....	<b>\$64,837,070</b>	<b>\$ 34,021,546</b>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.84	\$ 1.26
Advisor Class Units .....	\$ 1.69	\$ 1.09
Institutional Class Units .....	\$ 1.87	\$ 1.52

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$631,461,660	\$476,151,338
<b>Increase in Net Assets from Operations</b> .....	64,837,070	34,021,546
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	224,801,235	148,038,831
Reinvestment of distributions .....	26,698,345	23,567,178
Payments for units redeemed .....	(4,866,835)	(8,468,882)
<b>Net capital transactions</b> .....	246,632,745	163,137,127
<b>Distributions (Note 7)</b>		
From net investment income .....	(22,810,645)	(13,530,108)
From capital gains .....	(29,039,372)	(28,136,582)
Return of capital .....	(6,565)	(181,661)
<b>Total distributions</b> .....	(51,856,582)	(41,848,351)
<b>Increase in Net Assets</b> .....	259,613,233	155,310,322
<b>Net Assets, End of Year</b> .....	\$891,074,893	\$631,461,660
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$538,965,423	\$401,688,913
<b>Increase in Net Assets from Operations</b> .....	57,081,093	29,492,641
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	217,188,420	132,323,945
Reinvestment of distributions .....	25,098,606	20,260,835
Payments for units redeemed .....	(4,465,240)	(8,468,640)
<b>Net capital transactions</b> .....	237,821,786	144,116,140
<b>Distributions (Note 7)</b>		
From net investment income .....	(22,122,863)	(12,243,976)
From capital gains .....	(25,597,587)	(23,906,634)
Return of capital .....	(6,200)	(181,661)
<b>Total distributions</b> .....	(47,726,650)	(36,332,271)
<b>Increase in Net Assets</b> .....	247,176,229	137,276,510
<b>Net Assets, End of Year</b> .....	\$786,141,652	\$538,965,423

	2012	2011
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> ...	\$ 92,282,415	\$74,256,539
<b>Increase in Net Assets from Operations</b> .....	7,738,216	4,514,404
<b>Capital Transactions</b>		
Proceeds from issuance of units ...	7,612,815	15,714,886
Reinvestment of distributions .....	1,599,739	3,298,570
Payments for units redeemed .....	(176,591)	—
<b>Net capital transactions</b> .....	9,035,963	19,013,456
<b>Distributions (Note 7)</b>		
From net investment income .....	(681,568)	(1,281,962)
From capital gains .....	(3,441,785)	(4,220,022)
<b>Total distributions</b> .....	(4,123,353)	(5,501,984)
<b>Increase in Net Assets</b> .....	12,650,826	18,025,876
<b>Net Assets, End of Year</b> .....	\$104,933,241	\$92,282,415
<b>Institutional Class Units:</b>		
<b>Net Assets, Beginning of Year</b> ...	\$ 213,822	\$ 205,886
<b>Increase in Net Assets from Operations</b> .....	17,761	14,501
<b>Capital Transactions</b>		
Reinvestment of distributions .....	—	7,773
Payments for units redeemed .....	(225,004)	(242)
<b>Net capital transactions</b> .....	(225,004)	7,531
<b>Distributions (Note 7)</b>		
From net investment income .....	(6,214)	(4,170)
From capital gains .....	—	(9,926)
Return of capital .....	(365)	—
<b>Total distributions</b> .....	(6,579)	(14,096)
<b>Increase (Decrease) in Net Assets</b> .....	(213,822)	7,936
<b>Net Assets, End of Year</b> .....	\$ —	\$ 213,822

## Statement of Investments

As at December 31, 2012

Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Equities — 99.49%</b>			
<b>Consumer Discretionary — 14.03%</b>			
Canadian Tire Corp. Ltd., Class 'A' .....	109,564	7,142,957	7,600,455
Cineplex Inc. ....	580,858	15,751,678	18,471,284
Cogeco Cable Inc. ....	287,404	11,538,554	10,909,856
Corus Entertainment Inc., Class 'B' .....	742,668	15,681,481	18,239,926
Dorel Industries Inc., Class 'B' .....	370,563	10,013,595	13,303,212
Reitmans (Canada) Ltd., Class 'A' .....	2,415,030	34,257,302	29,052,811
Thomson Reuters Corp. ....	685,777	22,509,779	19,736,662
Tim Hortons Inc. ....	157,532	7,408,256	7,685,986
		124,303,602	125,000,192

The accompanying notes are an integral part of the financial statements.

## iShares S&P/TSX Canadian Dividend Aristocrats Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Consumer Staples — 4.44%</b>				<b>Utilities — 10.66%</b>			
Empire Co. Ltd., Class 'A' .....	117,281	6,372,039	6,890,259	ATCO Ltd., Class 'I' .....	91,570	5,353,550	7,351,240
Jean Coutu Group (PJC) Inc. (The), Class 'A' .....	567,278	7,688,255	8,236,877	Atlantic Power Corp. ....	3,844,107	51,036,189	43,476,850
Metro Inc., Class 'A' .....	94,975	4,503,407	6,007,169	Canadian Utilities Ltd., Class 'A' .....	159,330	8,670,741	11,430,334
Saputo Inc. ....	152,750	5,890,961	7,668,050	Emera Inc. ....	503,886	16,698,431	17,464,689
Shoppers Drug Mart Corp. ....	251,259	10,119,979	10,731,272	Fortis Inc. ....	447,223	14,244,147	15,263,721
		<u>34,574,641</u>	<u>39,533,627</u>			<u>96,003,058</u>	<u>94,986,834</u>
<b>Energy — 14.28%</b>				<b>Total Equities — 99.49%</b> .....		<u>851,428,450</u>	<u>886,574,377</u>
Canadian Natural Resources Ltd. ....	218,635	7,078,916	6,259,520	<b>Transaction costs (Note 2)</b> .....		<u>(79,145)</u>	<u>—</u>
Enbridge Inc. ....	281,412	8,873,548	12,100,716	<b>Total Investments — 99.49%</b> .....		<u>851,349,305</u>	<u>886,574,377</u>
Enbridge Income Fund Holdings Inc. ....	961,540	18,606,461	23,067,345	<b>Cash and Cash Equivalents — 0.46%</b> .....			<u>4,090,499</u>
Ensign Energy Services Inc. ....	816,016	12,105,385	12,493,205	<b>Other Assets, Less Liabilities — 0.05%</b> .....			<u>410,017</u>
Imperial Oil Ltd. ....	113,844	4,827,730	4,864,554	<b>Net Assets — 100.00%</b> .....			<u>891,074,893</u>
Keyera Corp. ....	400,048	14,919,754	19,622,354				
Pason Systems Inc. ....	675,883	9,119,620	11,550,840				
ShawCor Ltd., Class 'A' .....	93,763	2,828,113	3,648,318				
Suncor Energy Inc. ....	212,280	6,178,519	6,943,679				
Talisman Energy Inc. ....	903,341	12,300,428	10,144,519				
TransCanada Corp. ....	353,105	13,932,752	16,585,342				
		<u>110,771,226</u>	<u>127,280,392</u>				
<b>Financial Services — 21.46%</b>							
AGF Management Ltd., Class 'B' .....	5,428,144	68,088,760	53,738,626				
Bank of Nova Scotia .....	301,017	15,227,538	17,284,396				
Canadian Western Bank .....	325,596	8,516,729	9,246,926				
CREIT .....	347,520	11,547,158	15,026,765				
Home Capital Group Inc. ....	137,503	6,564,045	8,122,302				
IGM Financial Inc. ....	539,387	23,157,448	22,433,105				
Intact Financial Corp. ....	164,752	8,507,444	10,657,807				
Laurentian Bank of Canada .....	399,572	17,888,338	17,661,082				
Northern Property REIT .....	679,821	20,047,695	20,972,478				
Toronto-Dominion Bank (The) .....	192,443	14,401,224	16,097,857				
		<u>193,946,379</u>	<u>191,241,344</u>				
<b>Industrials — 17.29%</b>							
AG Growth International Inc. ....	1,028,561	36,503,545	32,091,103				
Bird Construction Inc. ....	1,596,094	20,276,773	21,020,558				
CAE Inc. ....	850,738	8,743,661	8,566,932				
Canadian National Railway Co. ....	78,398	5,673,057	7,081,691				
Canadian Pacific Railway Ltd. ....	64,401	4,189,345	6,494,197				
Exchange Income Corp. ....	933,150	23,065,759	24,000,618				
Finning International Inc. ....	434,261	10,270,706	10,665,450				
Ritchie Bros. Auctioneers Inc. ....	433,273	9,063,140	8,960,086				
SNC-Lavalin Group Inc. ....	225,421	9,880,506	9,084,466				
Transcontinental Inc., Class 'A' .....	2,347,566	26,325,132	26,128,410				
		<u>153,991,624</u>	<u>154,093,511</u>				
<b>Information Technology — 5.11%</b>							
Computer Modelling Group Ltd. ....	818,370	13,247,369	17,423,097				
Constellation Software Inc. ....	117,958	11,268,727	14,066,492				
Evertz Technologies Ltd. ....	885,933	14,682,613	14,050,897				
		<u>39,198,709</u>	<u>45,540,486</u>				
<b>Materials — 6.53%</b>							
Barrick Gold Corp. ....	285,506	11,550,882	9,909,913				
Cameco Corp. ....	485,317	11,032,334	9,487,947				
CCL Industries Inc., Class 'B' .....	211,890	6,654,677	9,005,325				
Kinross Gold Corp. ....	693,213	6,481,158	6,675,641				
Major Drilling Group International Inc. ....	964,148	9,435,982	9,419,726				
Methanex Corp. ....	326,704	8,284,112	10,323,846				
Stella-Jones Inc. ....	43,821	3,361,481	3,352,745				
		<u>56,800,626</u>	<u>58,175,143</u>				
<b>Telecommunication Services — 5.69%</b>							
Rogers Communications Inc., Class 'B' .....	336,252	12,196,931	15,178,415				
Shaw Communications Inc., Class 'B' .....	840,251	17,278,258	19,166,125				
TELUS Corp. ....	251,819	12,363,396	16,378,308				
		<u>41,838,585</u>	<u>50,722,848</u>				

As at December 31, 2011, the investments categorized by sector/  
investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Consumer Discretionary .....	17.88
Consumer Staples .....	6.06
Energy .....	17.07
Financial Services .....	21.90
Industrials .....	17.40
Information Technology .....	1.82
Materials .....	4.74
Telecommunications Services .....	4.30
Utilities .....	7.57
Cash and Cash Equivalents .....	1.25
Other Assets, Less Liabilities .....	0.01
<b>Total .....</b>	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.

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# iShares S&P/TSX Canadian Preferred Share Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$1,396,163,452	\$851,704,822
Cash and cash equivalents .....	15,264,525	3,837,895
Receivables:		
Dividends .....	2,966,754	2,845,581
Capital units sold .....	—	1,715,230
Total Assets .....	<u>1,414,394,731</u>	<u>860,103,528</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	589,606	352,445
Service fees .....	41,798	36,900
Independent review committee fees .....	1,515	5,566
Investment securities purchased .....	—	1,709,314
Distribution .....	5,129,660	3,391,876
Total Liabilities .....	<u>5,762,579</u>	<u>5,496,101</u>
<b>Net Assets</b> .....	<u>\$1,408,632,152</u>	<u>\$854,607,427</u>
<b>Net Assets</b>		
Common Units .....	\$1,319,414,718	\$779,311,284
Advisor Class Units .....	89,217,434	75,296,143
Total .....	<u>\$1,408,632,152</u>	<u>\$854,607,427</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	76,800,000	45,504,000
Advisor Class Units .....	5,200,000	4,400,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 17.18	\$ 17.13
Advisor Class Units .....	\$ 17.16	\$ 17.11

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$59,679,119	\$37,000,477
Securities lending income (Note 10) .....	28,080	14,085
Miscellaneous income .....	—	78
Total revenue .....	<u>59,707,199</u>	<u>37,014,640</u>
<b>Expenses</b>		
Management fees (Note 9) .....	5,895,799	3,514,730
Service fees (Note 9) .....	460,933	381,267
Independent review committee fees .....	14,730	30,448
Interest and bank charges .....	—	2,294
Total expenses .....	<u>6,371,462</u>	<u>3,928,739</u>
<b>Net Investment Income</b> .....	<u>53,335,737</u>	<u>33,085,901</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments .....	8,552,717	(3,159,161)
Transaction costs (Notes 2 and 13) .....	(290,084)	(165,485)
Net change in unrealized appreciation/depreciation in value of investments .....	(7,094,429)	4,930,912
<b>Net realized and unrealized gain on investments</b> .....	<u>1,168,204</u>	<u>1,606,266</u>
<b>Increase in Net Assets from Operations</b> .....	<u>\$54,503,941</u>	<u>\$34,692,167</u>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$50,924,330	\$31,587,685
Advisor Class Units .....	3,579,611	3,104,482
Total .....	<u>\$54,503,941</u>	<u>\$34,692,167</u>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.79	\$ 0.85
Advisor Class Units .....	\$ 0.74	\$ 0.78

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.





## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b>	\$ 854,607,427	\$593,907,775
<b>Increase in Net Assets from Operations</b>	54,503,941	34,692,167
<b>Capital Transactions</b>		
Proceeds from issuance of units	576,016,691	260,069,725
Payments for units redeemed	(21,554,669)	—
<b>Net capital transactions</b>	554,462,022	260,069,725
<b>Distributions (Note 7)</b>		
From net investment income	(46,873,464)	(28,514,551)
From capital gains	(5,221,364)	—
Return of capital	(2,846,410)	(5,547,689)
<b>Total distributions</b>	(54,941,238)	(34,062,240)
<b>Increase in Net Assets</b>	554,024,725	260,699,652
<b>Net Assets, End of Year</b>	\$1,408,632,152	\$854,607,427
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b>	\$ 779,311,284	\$531,638,459
<b>Increase in Net Assets from Operations</b>	50,924,330	31,587,685
<b>Capital Transactions</b>		
Proceeds from issuance of units	559,857,090	247,186,830
Payments for units redeemed	(19,150,583)	—
<b>Net capital transactions</b>	540,706,507	247,186,830
<b>Distributions (Note 7)</b>		
From net investment income	(44,607,241)	(26,063,216)
From capital gains	(4,854,475)	—
Return of capital	(2,065,687)	(5,038,474)
<b>Total distributions</b>	(51,527,403)	(31,101,690)
<b>Increase in Net Assets</b>	540,103,434	247,672,825
<b>Net Assets, End of Year</b>	\$1,319,414,718	\$779,311,284
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b>	\$ 75,296,143	\$ 62,269,316
<b>Increase in Net Assets from Operations</b>	3,579,611	3,104,482
<b>Capital Transactions</b>		
Proceeds from issuance of units	16,159,601	12,882,895
Payments for units redeemed	(2,404,086)	—
<b>Net capital transactions</b>	13,755,515	12,882,895
<b>Distributions (Note 7)</b>		
From net investment income	(2,266,223)	(2,451,335)
From capital gains	(366,889)	—
Return of capital	(780,723)	(509,215)
<b>Total distributions</b>	(3,413,835)	(2,960,550)
<b>Increase in Net Assets</b>	13,921,291	13,026,827
<b>Net Assets, End of Year</b>	\$ 89,217,434	\$ 75,296,143

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Preferred Stocks — 99.12%</b>			
<b>Consumer Discretionary — 0.71%</b>			
Aimia Inc., Series '1'	218,008	5,710,544	5,713,990
Thomson Reuters Corp., Series 'II'	189,563	4,181,063	4,251,898
		9,891,607	9,965,888
<b>Consumer Staples — 1.90%</b>			
George Weston Ltd., 4.75%, Series 'V'	252,753	5,587,916	6,328,935
George Weston Ltd., 5.20%, Series 'III'	252,755	5,902,204	6,427,560
George Weston Ltd., 5.20%, Series 'IV'	252,755	6,317,425	6,455,363
George Weston Ltd., 5.80%, Series 'I'	296,990	7,553,325	7,588,094
		25,360,870	26,799,952
<b>Energy — 11.85%</b>			
AltaGas Ltd., Series 'A'	252,755	6,533,957	6,546,354
Enbridge Inc., 4.00%, Series 'B'	631,912	16,189,897	16,031,607
Enbridge Inc., 4.00%, Series 'H'	442,321	11,209,666	11,164,182
Enbridge Inc., 4.00%, Series 'R'	80,637	2,015,964	2,032,859
Enbridge Inc., 4.00%, Series 'P'	505,511	12,844,339	12,789,428
Enbridge Inc., Series 'D'	568,722	14,494,012	14,519,473
Enbridge Inc., Series 'F'	631,912	16,033,983	16,126,394
Enbridge Inc., Series 'N'	568,716	14,543,656	14,496,571
Husky Energy Inc., Series '1'	379,133	9,760,734	9,883,997
Nexen Inc., Class 'A', Series '2'	252,755	6,438,188	6,523,607
Talisman Energy Inc., Series '1'	252,755	6,195,402	6,243,048
TransCanada Corp., 4.00%, Series '3'	442,321	11,168,000	10,805,902
TransCanada Corp., 4.40%, Series '5'	442,321	11,384,487	11,411,882
TransCanada Corp., 4.60%, Series '1'	695,100	18,225,071	17,850,168
TransCanada PipeLines Ltd., 5.60%, Series 'Y'	78,200	4,099,250	4,082,040
Veresen Inc., 4.40%, Series 'A'	252,753	6,443,442	6,424,981
		167,580,048	166,932,493
<b>Financial Services — 71.86%</b>			
Bank of Montreal, 3.90%, Class 'B', Series '25'	366,504	9,268,538	9,133,280
Bank of Montreal, 4.50%, Class 'B', Series '13'	442,321	10,383,110	11,588,810
Bank of Montreal, 5.20%, Class 'B', Series '16'	379,133	9,758,711	9,523,821
Bank of Montreal, 5.25%, Class 'B', Series '14'	315,941	8,077,917	8,315,567
Bank of Montreal, 5.30%, Class 'B', Series '5'	252,755	6,519,090	6,437,670
Bank of Montreal, 5.80%, Class 'B', Series '15'	315,943	8,413,173	8,524,142
Bank of Montreal, 6.50%, Class 'B', Series '21'	347,547	9,615,395	9,272,554
Bank of Montreal, Class 'B', Series '23'	505,511	13,617,993	13,679,128
Bank of Nova Scotia, 4.50%, Series '14'	436,020	10,429,176	11,445,525
Bank of Nova Scotia, 4.50%, Series '15'	435,912	11,118,497	11,447,049
Bank of Nova Scotia, 4.80%, Series '13'	379,133	9,211,870	9,683,057
Bank of Nova Scotia, 5.00%, Series '18'	436,020	11,204,158	10,939,742
Bank of Nova Scotia, 5.00%, Series '20'	442,321	11,354,634	10,982,830
Bank of Nova Scotia, 5.25%, Series '12'	379,133	9,606,621	9,827,127
Bank of Nova Scotia, 5.25%, Series '16'	436,014	10,810,230	11,484,609
Bank of Nova Scotia, Series '22'	379,133	9,950,842	9,478,325
Bank of Nova Scotia, Series '26'	410,735	11,247,514	10,843,404
Bank of Nova Scotia, Series '28'	347,549	9,539,372	9,192,671
Bank of Nova Scotia, Series '30'	334,899	8,427,612	8,084,462
Bank of Nova Scotia, Series '32'	516,459	12,907,080	12,684,233
Brookfield Asset Management Inc., 4.50%, Series '26'	315,943	7,941,063	8,088,141
Brookfield Asset Management Inc., 4.60%, Series '28-A'	296,990	7,412,138	7,466,329
Brookfield Asset Management Inc., Class 'A', Series '2'	330,637	5,946,731	5,786,148
Brookfield Asset Management Inc., Class 'A', Series '30'	315,943	8,231,711	8,306,141

The accompanying notes are an integral part of the financial statements.

# iShares S&P/TSX Canadian Preferred Share Index Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)	Security	Shares	Average cost (\$)	Fair value (\$)
<b>Financial Services (continued)</b>				<b>Financial Services (continued)</b>			
Brookfield Asset Management Inc., Class 'A', Series '32'	379,133	9,611,288	9,800,588	National Bank of Canada, 4.85%, Series '16'	252,755	6,430,427	6,538,772
Brookfield Asset Management Inc., Series '18'	252,755	5,535,330	6,210,190	National Bank of Canada, 5.85%, Series '15'	252,755	6,357,067	6,371,954
Brookfield Asset Management Inc., Series '22'	379,129	10,330,462	10,217,527	National Bank of Canada, 6.00%, Series '20'	218,010	5,883,228	5,814,327
Brookfield Asset Management Inc., Series '34'	315,943	8,048,754	7,917,532	Power Corp. of Canada, 5.60%, Series 'G'	252,755	6,725,840	6,829,440
Brookfield Office Properties Inc., 4.60%, Series 'T'	315,943	8,137,767	7,977,561	Power Financial Corp., 4.95%, Series 'K'	315,943	7,395,695	8,043,909
Brookfield Office Properties Inc., 5.00%, Class 'AAA', Series 'J'	252,753	6,529,632	6,457,839	Power Financial Corp., 5.10%, Series 'L'	252,755	6,448,615	6,508,441
Brookfield Office Properties Inc., 5.75%, Class 'AAA', Series 'H'	252,753	6,637,877	6,617,074	Power Financial Corp., 5.25%, Series 'E'	252,755	6,108,559	6,437,670
Brookfield Office Properties Inc., 6.00%, Series 'F'	252,755	6,269,812	6,339,095	Power Financial Corp., 5.50%, Series 'R'	315,943	8,312,035	8,473,591
Brookfield Office Properties Inc., 6.15%, Series 'N'	347,551	9,008,310	9,147,542	Power Financial Corp., 6.00%, Series 'I'	252,755	6,365,300	6,490,748
Brookfield Office Properties Inc., 6.75%, Series 'L'	363,341	9,625,417	9,505,001	Power Financial Corp., Series 'P'	353,877	9,094,056	9,023,864
Brookfield Office Properties Inc., Series 'P'	379,479	9,594,870	9,790,558	Power Financial Corp., Series 'M'	221,173	5,962,281	5,805,791
Brookfield Office Properties Inc., Series 'R'	315,943	8,129,321	8,167,127	RioCan REIT, Series 'C'	188,929	4,865,885	4,929,158
Canadian Imperial Bank of Commerce, 5.40%, Series '29'	418,067	10,443,860	10,673,251	Royal Bank of Canada, 4.45%, Series 'AF'	248,752	6,372,118	6,524,765
Canadian Imperial Bank of Commerce, 5.60%, Series '27'	379,133	9,631,784	9,660,309	Royal Bank of Canada, 4.50%, Series 'AE'	310,946	7,425,053	8,093,924
Canadian Imperial Bank of Commerce, 5.75%, Series '26'	315,941	8,064,125	8,110,205	Royal Bank of Canada, 4.60%, Series 'AC'	248,752	5,992,778	6,477,502
Canadian Imperial Bank of Commerce, Series '33'	379,133	10,178,189	9,921,911	Royal Bank of Canada, 4.90%, Series 'W'	373,140	9,137,050	9,600,892
Canadian Imperial Bank of Commerce, Series '35'	410,739	11,303,403	10,827,080	Royal Bank of Canada, 5.00%, Series 'AJ'	497,529	12,830,766	12,741,718
Dundee Corp., Cumulative, Redeemable, First Preference Shares, Series 1	189,564	4,999,964	4,921,081	Royal Bank of Canada, 5.65%, Series 'AH'	264,302	6,994,430	7,067,435
E-L Financial Corp. Ltd., 5.50%, Series '3'	126,378	3,282,077	3,274,454	Royal Bank of Canada, 6.25%, Series 'AP'	342,043	9,275,075	8,999,151
Fairfax Financial Holdings Ltd., 5.00%, Series 'K'	300,151	7,490,637	7,575,811	Royal Bank of Canada, 6.25%, Series 'AV'	497,529	13,644,410	13,403,431
Fairfax Financial Holdings Ltd., Series 'C'	315,943	8,253,541	8,192,402	Royal Bank of Canada, Series 'AA'	373,140	9,082,454	9,690,446
Fairfax Financial Holdings Ltd., Series 'G'	315,943	7,797,945	7,645,821	Royal Bank of Canada, Series 'AB'	373,140	9,098,906	9,720,297
Fairfax Financial Holdings Ltd., Series 'E'	252,755	6,061,089	5,641,492	Royal Bank of Canada, Series 'AL'	373,140	9,968,759	9,738,954
Fairfax Financial Holdings Ltd., Series 'I'	379,131	9,370,342	9,463,110	Royal Bank of Canada, Series 'AR'	435,335	11,782,231	11,471,077
Great-West Lifeco Inc., 4.50%, Series 'I'	379,133	8,589,287	9,406,290	Royal Bank of Canada, Series 'AT'	342,039	9,395,368	9,173,486
Great-West Lifeco Inc., 4.85%, Series 'H'	379,131	8,620,052	9,709,545	Royal Bank of Canada, Series 'AX'	404,238	11,100,706	10,946,765
Great-West Lifeco Inc., 5.15%, Series 'Q'	252,755	6,563,150	6,617,126	Royal Bank of Canada, Series 'AN'	279,849	7,576,982	7,362,827
Great-West Lifeco Inc., 5.40%, Series 'P'	315,941	8,188,789	8,309,248	Sun Life Financial Inc., 3.90%, Class 'A', Series '10R'	252,755	6,199,643	6,346,678
Great-West Lifeco Inc., 5.65%, Series 'L'	169,975	4,506,961	4,504,338	Sun Life Financial Inc., 4.25%, Series '12R'	379,133	9,585,256	9,796,797
Great-West Lifeco Inc., Series 'J'	290,664	7,748,169	7,534,011	Sun Life Financial Inc., 4.45%, Class 'A', Series '3'	315,943	6,970,242	7,712,169
Great-West Lifeco Inc., Series 'N'	315,943	7,778,927	7,377,269	Sun Life Financial Inc., 4.45%, Class 'A', Series '4'	379,133	7,954,767	9,269,802
HSBC Bank of Canada, 5.00%, Series 'D'	152,766	3,955,091	3,944,418	Sun Life Financial Inc., 4.50%, Class 'A', Series '5'	315,943	6,721,332	7,737,444
HSBC Bank Canada, Class '1', Series 'E'	315,941	8,695,673	8,381,915	Sun Life Financial Inc., 4.75%, Class 'A', Series '1'	505,511	11,259,783	12,728,767
IGM Financial Inc., 5.90%, Series 'B'	189,558	5,194,541	5,002,436	Sun Life Financial Inc., 4.80%, Class 'A', Series '2'	410,738	9,150,358	10,395,779
Industrial Alliance Insurance & Financial Services Inc, Class 'A', Series 'G'	315,941	8,077,842	8,217,625	Sun Life Financial Inc., Class 'A', Series '6R'	315,943	8,539,008	8,356,692
Intact Financial Corp., Class 'A', Series '3'	315,941	8,075,170	8,366,118	Sun Life Financial Inc., Class 'A', Series '8R'	353,877	8,870,772	8,673,525
Intact Financial Corp., Series '1'	315,943	8,010,447	8,189,243	Toronto-Dominion Bank (The), 4.85%, Series 'O'	537,116	12,997,167	14,077,810
Manulife Financial Corp., 4.10%, Series '1'	442,321	11,353,632	11,420,728	Toronto-Dominion Bank (The), 5.00%, Series 'AA'	315,943	8,268,779	8,100,779
Manulife Financial Corp., 4.40%, Series '9'	315,943	7,940,116	8,154,489	Toronto-Dominion Bank (The), 5.10%, Series 'Y'	315,943	8,165,058	7,945,966
Manulife Financial Corp., 4.65%, Class 'A', Series '2'	442,321	9,657,121	11,040,332	Toronto-Dominion Bank (The), 5.60%, Class 'A', Series 'R'	315,943	8,256,094	8,514,664
Manulife Financial Corp., Class '1', Series '5'	252,755	6,345,848	6,564,047	Toronto-Dominion Bank (The), Class 'A', Series 'AE'	379,133	10,395,801	10,164,556
Manulife Financial Corp., Class '1', Series '7'	315,943	8,119,430	8,296,663	Toronto-Dominion Bank (The), Class 'A', Series 'AG'	473,928	12,933,655	12,701,270
Manulife Financial Corp., Series '1'	442,321	11,742,578	11,610,926	Toronto-Dominion Bank (The), Series 'AC'	278,035	7,433,892	7,295,638
Manulife Financial Corp., Series '3'	379,133	8,154,448	9,307,715	Toronto-Dominion Bank (The), Series 'AK'	442,317	12,115,038	11,902,750
Manulife Financial Corp., Series '3'	252,755	6,248,166	6,162,167	Toronto-Dominion Bank (The), Series 'AI'	347,551	9,586,004	9,380,401
Manulife Financial Corp., Series '4'	568,724	15,548,138	15,122,371	Toronto-Dominion Bank (The), Series 'S'	315,943	8,214,277	7,917,532
National Bank of Canada, 3.80%, Series '28'	51,574	1,290,925	1,350,723			998,976,469	1,012,158,423

The accompanying notes are an integral part of the financial statements.

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Industrials — 0.57%</b>			
RONA Inc., Class 'A' .....	189,566	4,735,694	4,777,063
Transcontinental Inc., 6.75%, Series 'D' .....	126,378	3,288,346	3,314,895
		<u>8,024,040</u>	<u>8,091,958</u>
<b>Telecommunication Services — 6.13%</b>			
BCE Inc., 4.15%, Series 'AK' .....	789,872	20,269,128	20,039,053
BCE Inc., 4.65%, Class 'A', Series '19' .....	339,202	7,468,345	7,971,247
BCE Inc., 4.80%, Series 'AA' .....	320,504	6,947,542	6,807,505
BCE Inc., 6.17%, Series 'R' .....	252,755	6,034,397	6,028,207
BCE Inc., Series 'AC' .....	292,092	6,706,464	6,472,759
BCE Inc., Series 'AF' .....	460,571	10,157,528	10,777,361
BCE Inc., Series 'Y' .....	256,739	5,764,845	5,635,421
Bell Aliant Inc., 4.85% Series 'A' .....	363,339	9,229,645	9,217,910
Bell Aliant Inc., Series 'C' .....	145,331	3,744,054	3,756,806
Shaw Communications Inc., Series 'A' .....	379,133	9,685,408	9,626,187
		<u>86,007,356</u>	<u>86,332,456</u>
<b>Utilities — 6.10%</b>			
Canadian Utilities Ltd., 4.90%, Series 'AA' .....	189,564	4,941,366	4,989,324
Canadian Utilities Ltd., 4.90%, Series 'BB' .....	189,562	5,031,194	5,004,437
Canadian Utilities Ltd., Series 'Y' .....	410,739	10,565,978	10,814,758
CU Inc., 6.70%, Series '2' .....	202,214	5,514,166	5,389,003
Emera Inc., 4.10%, Series 'C' .....	315,939	8,070,517	8,277,602
Fortis Inc., 4.25%, Series 'H' .....	315,943	8,090,747	8,056,546
Fortis Inc., 4.75%, Series 'J' .....	56,517	1,413,592	1,444,009
Fortis Inc., 4.90%, Series 'E' .....	252,569	6,808,702	6,826,940
Fortis Inc., 4.90%, Series 'F' .....	157,983	4,079,451	4,080,701
Northland Power Inc., Series '3' .....	151,657	3,828,177	3,890,002
TransAlta Corp., 4.60%, Series 'A' .....	379,133	9,432,151	8,276,473
TransAlta Corp., 4.60%, Series 'C' .....	347,551	8,706,511	8,375,979
TransAlta Corp., 5.00%, Series 'E' .....	283,318	7,216,907	7,111,282
Valener Inc., Series 'A' .....	126,378	3,290,807	3,345,226
		<u>86,990,266</u>	<u>85,882,282</u>
<b>Total Preferred Stocks — 99.12%</b> .....		<u>1,382,830,656</u>	<u>1,396,163,452</u>
<b>Transaction costs (Note 2)</b> .....		<u>(221,925)</u>	<u>—</u>
<b>Total Investments — 99.12%</b> .....		<u>1,382,608,731</u>	<u>1,396,163,452</u>
<b>Cash and Cash Equivalents — 1.08%</b> .....			<u>15,264,525</u>
<b>Other Assets, Less Liabilities — (0.20)%</b> .....			<u>(2,795,825)</u>
<b>Net Assets — 100.00%</b> .....			<u>1,408,632,152</u>

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Consumer Discretionary .....	0.47
Consumer Staples .....	2.72
Energy .....	7.65
Financial Services .....	78.11
Industrials .....	0.39
Telecommunications Services .....	7.15
Utilities .....	3.17
Cash and Cash Equivalents .....	0.45
Other Assets, Less Liabilities .....	(0.11)
Total .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

# iShares 1-5 Year Laddered Corporate Bond Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$1,604,207,242	\$1,105,318,394
Cash and cash equivalents ...	8,092,719	12,139,778
Receivables:		
Interest .....	13,642,899	8,580,594
Capital units sold .....	8,059,560	—
Income tax refund .....	88,426	—
Unrealized appreciation on forward currency contracts (Note 2) .....	—	2,545
<b>Total Assets</b> .....	<b>1,634,090,846</b>	<b>1,126,041,311</b>
<b>Liabilities</b>		
Payables:		
Management fees .....	375,376	261,100
Service fees .....	63,685	58,798
Independent review committee fees .....	1,344	8,174
Investment securities purchased .....	7,984,246	—
Distribution .....	5,865,625	4,129,770
Unrealized depreciation on forward currency contracts (Note 2) .....	—	13,900
<b>Total Liabilities</b> .....	<b>14,290,276</b>	<b>4,471,742</b>
<b>Net Assets</b> .....	<b>\$1,619,800,570</b>	<b>\$1,121,569,569</b>
<b>Net Assets</b>		
Common Units .....	\$1,484,094,472	\$1,001,767,439
Advisor Class Units .....	135,706,098	119,802,130
<b>Total</b> .....	<b>\$1,619,800,570</b>	<b>\$1,121,569,569</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	73,800,000	49,330,000
Advisor Class Units .....	6,750,000	5,900,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 20.11	\$ 20.31
Advisor Class Units .....	\$ 20.10	\$ 20.31

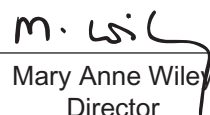
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Interest income .....	\$ 63,332,265	\$46,447,951
Securities lending income (Note 10) .....	35,805	22,008
<b>Total revenue</b> .....	<b>63,368,070</b>	<b>46,469,959</b>
<b>Expenses</b>		
Management fees (Note 9) .....	3,758,296	2,679,790
Service fees (Note 9) .....	724,548	572,128
Independent review committee fees .....	16,043	43,107
<b>Total expenses</b> .....	<b>4,498,887</b>	<b>3,295,025</b>
<b>Net Investment Income</b> .....	<b>58,869,183</b>	<b>43,174,934</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments .....	(10,675,502)	(5,325,407)
Net realized gain (loss) on forward currency contracts .....	338,366	(571,450)
Net realized gain on foreign exchange transactions .....	26,083	784,405
Net change in unrealized appreciation/depreciation in value of investments .....	(2,606,180)	6,295,932
Net change in unrealized appreciation/depreciation in value of forward currency contracts .....	11,355	(424,904)
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	636	(636)
<b>Net realized and unrealized gain (loss) on investments</b> .....	<b>(12,905,242)</b>	<b>757,940</b>
<b>Increase in Net Assets from Operations</b> .....	<b>\$ 45,963,941</b>	<b>\$43,932,874</b>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$ 42,113,291	\$39,821,304
Advisor Class Units .....	3,850,650	4,111,570
<b>Total</b> .....	<b>\$ 45,963,941</b>	<b>\$43,932,874</b>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.69	\$ 0.93
Advisor Class Units .....	\$ 0.59	\$ 0.81

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$1,121,569,569	\$ 863,293,974
<b>Increase in Net Assets from Operations</b> .....	45,963,941	43,932,874
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	520,520,104	299,153,591
Payments for units redeemed .....	(7,624,038)	(40,295,170)
<b>Net capital transactions</b> ....	512,896,066	258,858,421
<b>Distributions (Note 7)</b>		
From net investment income .....	(58,021,414)	(42,558,688)
Return of capital .....	(2,607,592)	(1,957,012)
<b>Total distributions</b> .....	(60,629,006)	(44,515,700)
<b>Increase in Net Assets</b> .....	498,231,001	258,275,595
<b>Net Assets, End of Year</b> ....	<u>\$1,619,800,570</u>	<u>\$1,121,569,569</u>

### Common Units:

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$1,001,767,439	\$ 769,826,774
<b>Increase in Net Assets from Operations</b> .....	42,113,291	39,821,304
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	501,269,548	272,649,341
Payments for units redeemed .....	(5,603,538)	(40,295,170)
<b>Net capital transactions</b> ....	495,666,010	232,354,171
<b>Distributions (Note 7)</b>		
From net investment income .....	(54,093,789)	(38,705,887)
Return of capital .....	(1,358,479)	(1,528,923)
<b>Total distributions</b> .....	(55,452,268)	(40,234,810)
<b>Increase in Net Assets</b> .....	482,327,033	231,940,665
<b>Net Assets, End of Year</b> ....	<u>\$1,484,094,472</u>	<u>\$1,001,767,439</u>

	2012	2011
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$119,802,130	\$ 93,467,200
<b>Increase in Net Assets from Operations</b> .....	3,850,650	4,111,570
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	19,250,556	26,504,250
Payments for units redeemed .....	(2,020,500)	—
<b>Net capital transactions</b> .....	17,230,056	26,504,250
<b>Distributions (Note 7)</b>		
From net investment income .....	(3,927,625)	(3,852,801)
Return of capital .....	(1,249,113)	(428,089)
<b>Total distributions</b> .....	(5,176,738)	(4,280,890)
<b>Increase in Net Assets</b> .....	15,903,968	26,334,930
<b>Net Assets, End of Year</b> .....	<u>\$135,706,098</u>	<u>\$119,802,130</u>

## Statement of Investments

As at December 31, 2012

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Corporate Bonds — 99.03%</b>					
<b>0–1.99 Years — 23.64%</b>					
Bank of Nova Scotia .....	4.56	10-30-13	62,484,500	65,733,218	64,084,378
British Columbia Ferry Services Inc., Series '04-1' .....	5.74	05-27-14	58,590,000	63,729,564	61,756,279
National Bank of Canada, Series '6', Variable Rate, Callable (a) .....	5.55	11-15-13	61,211,000	65,103,247	63,207,834
RBC Capital Trust II, Series '2013', Callable ..	5.81	12-31-13	62,314,500	66,197,096	64,723,076
Thomson Reuters Corp., Callable .....	5.20	12-01-14	63,729,000	68,845,259	67,727,078
TransCanada PipeLines Ltd. ....	5.65	01-15-14	58,917,000	63,832,363	61,375,189
				393,440,747	382,873,834
<b>2–2.99 Years — 19.32%</b>					
Bank of Montreal, Callable .....	5.18	06-10-15	66,794,000	72,686,704	72,082,547
Greater Toronto Airports Authority, Callable .....	5.00	06-01-15	62,070,000	66,929,459	66,803,448
Thomson Reuters Corp. ....	5.70	07-15-15	30,868,000	34,270,212	33,708,853
Toronto-Dominion Bank (The), Variable Rate, Callable (a) .....	5.48	04-02-15	68,937,000	74,811,183	74,259,356
Wells Fargo Financial Canada Corp., Callable .....	4.38	06-30-15	62,455,000	64,921,838	66,078,993
				313,619,396	312,933,197
<b>3–3.99 Years — 24.68%</b>					
Bank of Montreal, Variable Rate, Callable (a) .....	5.10	04-21-16	32,684,500	35,133,491	35,648,541
Bank of Montreal, Variable Rate, Callable (a) .....	3.98	07-08-16	37,744,500	38,902,436	39,878,820

The accompanying notes are an integral part of the financial statements.

## iShares 1-5 Year Laddered Corporate Bond Index Fund (continued)

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>3-3.99 Years (continued)</b>					
Bank of Nova					
Scotia, Variable Rate, Callable <sup>(a)</sup>	6.65	01-22-16	29,966,000	34,116,821	33,731,364
Capital Desjardins Inc., Series 'F', Variable					
Rate, Callable <sup>(a)</sup>	5.54	06-01-16	32,221,000	35,187,156	35,525,537
Enbridge Inc., Callable	5.17	05-19-16	32,308,500	35,296,646	35,496,057
Hydro One Inc.	4.64	03-03-16	32,437,000	35,033,390	35,205,558
NAV Canada, Callable	4.71	02-24-16	32,164,000	34,853,350	34,950,375
RBC Capital Trust, Series '2015', Callable					
	4.87	12-31-15	33,445,000	35,502,149	36,006,590
Sun Life Financial Inc., Variable					
Rate, Callable <sup>(a)</sup>	4.95	06-01-16	33,551,500	34,770,200	35,476,886
Toronto-Dominion Bank (The), Variable					
Rate, Callable <sup>(a)</sup>	4.78	12-14-16	37,508,500	39,920,414	40,833,615
TransCanada PipeLines Ltd., Callable					
	4.65	10-03-16	34,048,000	37,005,178	37,175,111
				<u>395,721,231</u>	<u>399,928,454</u>
<b>4-4.99 Years — 22.63%</b>					
Caisse					
Centrale Desjardins	3.50	10-05-17	26,920,000	28,195,594	28,278,937
Canadian Imperial Bank of Commerce					
	3.95	07-14-17	25,997,500	27,906,219	27,863,656
GE Capital					
Canada Funding Co., Callable					
	4.55	01-17-17	36,233,000	38,293,208	39,255,282
GE Capital					
Canada Funding Co., Series 'A'					
	5.53	08-17-17	24,783,000	27,964,356	28,062,647
Greater Toronto Airports Authority, Callable					
	4.85	06-01-17	36,242,500	39,783,624	40,397,652
Great-West Lifeco Finance (Delaware) L.P., Variable					
Rate, Callable <sup>(a)</sup>	5.69	06-21-17	36,488,500	38,637,410	40,134,066
HSBC Bank Canada	3.56	10-04-17	26,980,500	28,176,221	28,407,130
Hydro One					
Inc., Callable	5.18	10-18-17	24,501,850	28,112,819	27,894,145
Royal Bank of Canada	3.66	01-25-17	35,796,500	37,080,729	37,798,115
Tim Hortons Inc., Series '1', Callable					
	4.20	06-01-17	36,811,000	39,353,319	39,828,073
Toronto-Dominion Bank (The), Variable					
Rate, Callable <sup>(a)</sup>	5.76	12-18-17	24,995,500	28,459,846	28,631,225
				<u>361,963,345</u>	<u>366,550,928</u>
<b>5-5.99 Years — 8.76%</b>					
Bank of Montreal, Callable					
	6.02	05-02-18	23,751,500	28,195,417	27,997,281
Bank of Montreal, Series 'F', Variable					
Rate, Callable <sup>(a)</sup>	6.17	03-28-18	23,815,500	28,031,916	27,966,160
Greater Toronto Airports Authority, Callable					
	5.26	04-17-18	24,340,500	28,046,521	27,950,708
Great-West Lifeco Inc., Variable					
Rate, Callable <sup>(a)</sup>	7.13	06-26-18	25,034,500	28,616,173	29,754,643
Royal Bank of Canada, Callable					
	3.77	03-30-18	26,281,500	28,186,208	28,252,037
				<u>141,076,235</u>	<u>141,920,829</u>
<b>Total Corporate Bonds — 99.03%</b>				<u>1,605,820,954</u>	<u>1,604,207,242</u>
<b>Total Investments — 99.03%</b>				<u>1,605,820,954</u>	<u>1,604,207,242</u>
<b>Cash and Cash Equivalents — 0.51%</b>					8,092,719
<b>Other Assets, Less Liabilities — 0.46%</b>					7,500,609
<b>Net Assets — 100.00%</b>					<u>1,619,800,570</u>

As at December 31, 2011, the investments categorized by duration/investment type are included in the following table:

Duration/Investment Type	Percentage of Net Assets (%)
0-1.99 Years	18.97
2-2.99 Years	19.72
3-3.99 Years	21.49
4-4.99 Years	19.49
5-5.99 Years	18.88
Cash and Cash Equivalents	1.08
Unrealized Depreciation on Forward Currency Contracts	(0.00) <sup>(a)</sup>
Other Assets, Less Liabilities	0.37
<b>Total</b>	<u>100.00</u>

(a) Rounded to greater than (0.01)%.

(a) Coupon rate shown is as at report date.

The accompanying notes are an integral part of the financial statements.

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# iShares 1-5 Year Laddered Government Bond Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$1,110,238,264	\$946,504,092
Cash and cash equivalents .....	1,718,625	2,240,881
Receivables:		
Interest .....	6,908,696	5,862,957
Capital units sold .....	—	5,075,070
Investment securities sold .....	1,810,424	13,248
<b>Total Assets</b> .....	<b>1,120,676,009</b>	<b>959,696,248</b>
<b>Liabilities</b>		
Payables:		
Management fees .....	156,882	132,221
Service fees .....	43,075	53,810
Independent review committee fees .....	1,289	6,655
Investment securities purchased .....	—	2,034,973
Distribution .....	3,488,010	3,126,404
<b>Total Liabilities</b> .....	<b>3,689,256</b>	<b>5,354,063</b>
<b>Net Assets</b> .....	<b>\$1,116,986,753</b>	<b>\$954,342,185</b>
<b>Net Assets</b>		
Common Units .....	\$1,026,115,128	\$846,858,003
Advisor Class Units .....	90,871,625	107,484,182
<b>Total</b> .....	<b>\$1,116,986,753</b>	<b>\$954,342,185</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	51,900,000	41,728,000
Advisor Class Units .....	4,600,000	5,300,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 19.77	\$ 20.29
Advisor Class Units .....	\$ 19.75	\$ 20.28

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Interest income .....	\$ 43,364,476	\$33,779,068
Securities lending income (Note 10) .....	196,193	109,168
<b>Total revenue</b> .....	<b>43,560,669</b>	<b>33,888,236</b>
<b>Expenses</b>		
Management fees (Note 9) .....	1,778,687	1,303,564
Service fees (Note 9) .....	583,286	527,966
Independent review committee fees .....	13,295	34,607
Interest and bank charges .....	—	533
<b>Total expenses</b> .....	<b>2,375,268</b>	<b>1,866,670</b>
<b>Net Investment Income</b> .....	<b>41,185,401</b>	<b>32,021,566</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments .....	(9,651,253)	(5,327,042)
Net change in unrealized appreciation/depreciation in value of investments .....	(17,394,675)	14,930,227
<b>Net realized and unrealized gain (loss) on investments</b> .....	<b>(27,045,928)</b>	<b>9,603,185</b>
<b>Increase in Net Assets from Operations</b> .....	<b>\$ 14,139,473</b>	<b>\$41,624,751</b>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$ 13,380,685	\$37,200,953
Advisor Class Units .....	758,788	4,423,798
<b>Total</b> .....	<b>\$ 14,139,473</b>	<b>\$41,624,751</b>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.28	\$ 1.08
Advisor Class Units .....	\$ 0.14	\$ 0.94

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$ 954,342,185	\$691,729,899
<b>Increase in Net Assets from Operations</b> .....	14,139,473	41,624,751
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	258,044,912	302,858,643
Payments for units redeemed .....	(67,279,430)	(47,045,700)
<b>Net capital transactions</b> .....	190,765,482	255,812,943
<b>Distributions (Note 7)</b>		
From net investment income .....	(40,984,988)	(31,569,605)
Return of capital .....	(1,275,399)	(3,255,803)
<b>Total distributions</b> .....	(42,260,387)	(34,825,408)
<b>Increase in Net Assets</b> .....	162,644,568	262,612,286
<b>Net Assets, End of Year</b> .....	\$1,116,986,753	\$954,342,185
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 846,858,003	\$601,137,700
<b>Increase in Net Assets from Operations</b> .....	13,380,685	37,200,953
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	241,367,947	280,565,158
Payments for units redeemed .....	(36,820,695)	(40,986,950)
<b>Net capital transactions</b> .....	204,547,252	239,578,208
<b>Distributions (Note 7)</b>		
From net investment income .....	(38,092,164)	(28,356,737)
Return of capital .....	(578,648)	(2,702,121)
<b>Total distributions</b> .....	(38,670,812)	(31,058,858)
<b>Increase in Net Assets</b> .....	179,257,125	245,720,303
<b>Net Assets, End of Year</b> .....	\$1,026,115,128	\$846,858,003
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 107,484,182	\$ 90,592,199
<b>Increase in Net Assets from Operations</b> .....	758,788	4,423,798
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	16,676,965	22,293,485
Payments for units redeemed .....	(30,458,735)	(6,058,750)
<b>Net capital transactions</b> .....	(13,781,770)	16,234,735
<b>Distributions (Note 7)</b>		
From net investment income .....	(2,892,824)	(3,212,867)
Return of capital .....	(696,751)	(553,683)
<b>Total distributions</b> .....	(3,589,575)	(3,766,550)
<b>Increase (Decrease) in Net Assets</b> .....	(16,612,557)	16,891,983
<b>Net Assets, End of Year</b> .....	\$ 90,871,625	\$107,484,182

## Statement of Investments

As at December 31, 2012

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Government Bonds — 99.40%</b>					
<b>0–0.99 Years — 3.83%</b>					
Province of Quebec .....	5.25	10-01-13	41,487,500	44,689,155	42,731,776
				<u>44,689,155</u>	<u>42,731,776</u>
<b>1–1.99 Years — 27.74%</b>					
Export Development Canada .....					
Canada .....	5.10	06-02-14	41,564,500	45,547,307	43,818,331
Government of Canada .....	5.00	06-01-14	40,891,000	44,925,727	43,099,429
Government of Canada .....	2.00	12-01-14	46,540,500	46,503,860	47,287,369
Province of					
British Columbia .....	5.30	06-18-14	41,603,500	45,573,653	44,037,611
Province of Manitoba .....	4.80	12-03-14	41,726,500	45,366,840	44,474,828
Province of Ontario .....	5.00	03-08-14	41,672,500	44,976,703	43,500,603
Province of Quebec .....	5.50	12-01-14	40,423,000	44,884,293	43,591,805
				<u>317,778,383</u>	<u>309,809,976</u>
<b>2–2.99 Years — 20.88%</b>					
Financement-Québec .....	4.25	12-01-15	26,915,000	28,851,480	28,950,982
Government of Canada .....	4.50	06-01-15	41,067,000	45,088,150	44,317,545
Government of Canada .....	3.00	12-01-15	27,708,000	28,874,828	29,093,524
Province of Manitoba .....	5.20	12-03-15	25,611,500	28,685,412	28,319,567
Province of Ontario .....	4.50	03-08-15	42,000,500	45,260,516	44,810,454
Province of Ontario .....	3.15	09-08-15	28,016,000	28,764,227	29,257,025
Province of Quebec .....	5.00	12-01-15	25,961,500	28,717,651	28,508,596
				<u>234,242,264</u>	<u>233,257,693</u>
<b>3–3.99 Years — 20.25%</b>					
Financement-Québec .....	3.50	12-01-16	26,591,000	27,854,408	28,280,794
Government of Canada .....	4.00	06-01-16	26,401,500	28,784,302	28,775,540
Government of Canada .....	2.75	09-01-16	26,859,000	27,826,465	28,216,775
Municipal Finance					
Authority of					
British Columbia .....	4.65	04-19-16	26,327,500	28,676,179	28,755,184
Province of					
New Brunswick .....	4.70	07-21-16	24,721,000	27,289,488	27,293,104
Province of Ontario .....	4.40	03-08-16	26,429,000	28,622,224	28,733,702
Province of Ontario .....	3.20	09-08-16	26,706,000	27,674,592	28,138,030
Province of Quebec,					
Series 'B079' .....	4.50	12-01-16	25,366,000	27,822,676	27,984,150
				<u>224,550,334</u>	<u>226,177,279</u>
<b>4–4.99 Years — 19.07%</b>					
Alberta Capital					
Finance Authority .....	4.65	06-15-17	25,052,500	27,915,106	28,139,896
Financement-Québec .....	3.50	12-01-17	20,090,000	21,525,036	21,501,539
Government of Canada .....	4.00	06-01-17	25,431,500	28,030,975	28,286,992
Government of Canada .....	1.50	09-01-17	21,351,000	21,559,124	21,463,923
Municipal Finance					
Authority of					
British Columbia .....	4.80	12-01-17	19,027,000	21,574,051	21,442,274
Province of					
British Columbia .....	4.70	12-01-17	18,749,500	21,476,673	21,326,423
Province of Ontario .....	4.30	03-08-17	25,267,500	27,544,466	27,810,703
Province of Ontario .....	1.90	09-08-17	21,581,000	21,521,673	21,608,237
Province of Quebec,					
Series 'B088' .....	4.50	12-01-17	19,183,000	21,590,463	21,472,673
				<u>212,737,567</u>	<u>213,052,660</u>
<b>5–5.99 Years — 7.63%</b>					
Government of Canada .....	4.25	06-01-18	18,565,500	21,566,378	21,274,945
Province of					
New Brunswick .....	4.45	03-26-18	18,994,000	21,375,280	21,291,948

The accompanying notes are an integral part of the financial statements.

## iShares 1-5 Year Laddered Government Bond Index Fund (continued)

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>5-5.99 Years (continued)</b>					
Province of Ontario .....	4.20	03-08-18	19,158,000	21,342,018	21,248,341
Province of Ontario .....	5.50	06-02-18	18,220,500	21,584,742	21,393,646
				85,868,418	85,208,880
<b>Total Government Bonds — 99.40%</b> .....				1,119,866,121	1,110,238,264
<b>Total Investments — 99.40%</b> .....				1,119,866,121	1,110,238,264
<b>Cash and Cash Equivalents — 0.15%</b> .....					1,718,625
<b>Other Assets, Less Liabilities — 0.45%</b> .....					5,029,864
<b>Net Assets — 100.00%</b> .....					1,116,986,753

As at December 31, 2011, the investments categorized by duration/investment type are included in the following table:

Duration/Investment Type	Percentage of Net Assets (%)
1-1.99 Years .....	19.14
2-2.99 Years .....	19.52
3-3.99 Years .....	20.15
4-4.99 Years .....	20.58
5-5.99 Years .....	19.80
Cash and Cash Equivalents .....	0.23
Other Assets, Less Liabilities .....	0.58
<b>Total</b> .....	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.

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# iShares 1-10 Year Laddered Corporate Bond Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$35,831,237	\$7,816,312
Cash and cash equivalents .....	242,225	218,520
Receivables:		
Interest .....	262,107	39,772
Capital units sold .....	1,009,330	—
Other .....	—	10
<b>Total Assets</b> .....	<b>37,344,899</b>	<b>8,074,614</b>
<b>Liabilities</b>		
Payables:		
Management fees .....	8,085	976
Service fees .....	1,451	967
Independent review committee fees .....	27	—
Investment securities purchased .....	974,892	—
Distribution .....	130,700	30,300
<b>Total Liabilities</b> .....	<b>1,115,155</b>	<b>32,243</b>
<b>Net Assets</b> .....	<b>\$36,229,744</b>	<b>\$8,042,371</b>
<b>Net Assets</b>		
Common Units .....	\$33,211,317	\$6,031,894
Advisor Class Units .....	3,018,427	2,010,477
<b>Total</b> .....	<b>\$36,229,744</b>	<b>\$8,042,371</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,650,000	300,000
Advisor Class Units .....	150,000	100,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 20.13	\$ 20.11
Advisor Class Units .....	\$ 20.12	\$ 20.10

## Statements of Operations

For the periods ended December 31

	2012	2011 <sup>(a)</sup>
<b>Revenue</b>		
Interest income .....	\$832,423	\$69,796
Securities lending income (Note 10) .....	853	—
<b>Total revenue</b> .....	<b>833,276</b>	<b>69,796</b>
<b>Expenses</b>		
Management fees (Note 9) .....	44,274	2,021
Service fees (Note 9) .....	15,387	1,949
Independent review committee fees .....	205	30
<b>Total expenses</b> .....	<b>59,866</b>	<b>4,000</b>
<b>Net Investment Income</b> .....	<b>773,410</b>	<b>65,796</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments .....	(72,613)	(736)
Transaction costs (Notes 2 and 13) .....	(3,392)	—
Net change in unrealized appreciation/ depreciation in value of investments .....	56,780	21,610
<b>Net realized and unrealized gain (loss) on investments</b> .....	<b>(19,225)</b>	<b>20,874</b>
<b>Increase in Net Assets from Operations</b> .....	<b>\$754,185</b>	<b>\$86,670</b>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$640,160	\$67,573
Advisor Class Units .....	114,025	19,097
<b>Total</b> .....	<b>\$754,185</b>	<b>\$86,670</b>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.84	\$ 0.24
Advisor Class Units .....	\$ 0.84	\$ 0.21

<sup>(a)</sup> The Fund commenced operations on October 25, 2011.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the periods ended December 31

	2012	2011 <sup>(a)</sup>
<b>Net Assets, Beginning of Period</b> . . .	\$ 8,042,371	\$ —
<b>Increase in Net Assets from Operations</b> . . . . .	754,185	86,670
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . . .	28,490,697	8,023,151
Payments for units redeemed . . . . .	(201,984)	—
<b>Net capital transactions</b> . . . . .	28,288,713	8,023,151
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(719,459)	(60,310)
Return of capital . . . . .	(136,066)	(7,140)
<b>Total distributions</b> . . . . .	(855,525)	(67,450)
<b>Increase in Net Assets</b> . . . . .	28,187,373	8,042,371
<b>Net Assets, End of Period</b> . . . . .	\$36,229,744	\$8,042,371
<b>Common Units:</b>		
<b>Net Assets, Beginning of Period</b> . . .	\$ 6,031,894	\$ —
<b>Increase in Net Assets from Operations</b> . . . . .	640,160	67,573
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . . .	27,484,722	6,016,371
Payments for units redeemed . . . . .	(201,984)	—
<b>Net capital transactions</b> . . . . .	27,282,738	6,016,371
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(648,522)	(46,481)
Return of capital . . . . .	(94,953)	(5,569)
<b>Total distributions</b> . . . . .	(743,475)	(52,050)
<b>Increase in Net Assets</b> . . . . .	27,179,423	6,031,894
<b>Net Assets, End of Period</b> . . . . .	\$33,211,317	\$6,031,894
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Period</b> . . .	\$ 2,010,477	\$ —
<b>Increase in Net Assets from Operations</b> . . . . .	114,025	19,097
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . . .	1,005,975	2,006,780
<b>Net capital transactions</b> . . . . .	1,005,975	2,006,780
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(70,937)	(13,829)
Return of capital . . . . .	(41,113)	(1,571)
<b>Total distributions</b> . . . . .	(112,050)	(15,400)
<b>Increase in Net Assets</b> . . . . .	1,007,950	2,010,477
<b>Net Assets, End of Period</b> . . . . .	\$ 3,018,427	\$2,010,477

<sup>(a)</sup> The Fund commenced operations on October 25, 2011.

## Statement of Investments

As at December 31, 2012

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Corporate Bonds — 98.90%</b>					
<b>0–0.99 Years — 7.77%</b>					
Bank of Montreal . . . . .	4.65	03-14-13	662,000	674,348	666,273
Bank of Nova Scotia . . . . .	4.56	10-30-13	714,000	740,799	732,282
National Bank of Canada, Series '6', Variable Rate, Callable <sup>(a)</sup> . . . . .	5.55	11-15-13	700,000	731,239	722,836
Scotiabank Capital Trust . . . . .	6.28	06-30-13	678,000	702,700	692,951
				2,849,086	2,814,342
<b>1–1.99 Years — 8.25%</b>					
British Columbia Ferry Services Inc., Series '04-1' . . . . .	5.74	05-27-14	696,000	742,798	733,613
RBC Capital Trust II, Series '2013', Callable . . . . .	5.81	12-31-13	736,000	773,451	764,448
Thomson Reuters Corp., Callable . . . . .	5.20	12-01-14	748,000	803,339	794,926
TransCanada PipeLines Ltd. . . . .	5.65	01-15-14	668,000	706,138	695,871
				3,025,726	2,988,858
<b>2–2.99 Years — 10.27%</b>					
Bank of Montreal, Callable . . . . .	5.18	06-10-15	807,000	877,379	870,896
Greater Toronto Airports Authority, Callable . . . . .	5.00	06-01-15	701,000	761,967	754,458
Thomson Reuters Corp. . . . .	5.70	07-15-15	365,500	403,374	399,138
Toronto-Dominion Bank (The), Variable Rate, Callable <sup>(a)</sup> . . . . .	5.48	04-02-15	851,000	922,527	916,702
Wells Fargo Financial Canada Corp., Callable . . . . .	4.38	06-30-15	736,000	781,566	778,707
				3,746,813	3,719,901
<b>3–3.99 Years — 12.67%</b>					
Bank of Montreal, Variable Rate, Callable <sup>(a)</sup> . . . . .	5.10	04-21-16	368,000	402,374	401,373
Bank of Montreal, Variable Rate, Callable <sup>(a)</sup> . . . . .	3.98	07-08-16	443,000	465,890	468,050
Bank of Nova Scotia, Variable Rate, Callable <sup>(a)</sup> . . . . .	6.65	01-22-16	372,000	422,099	418,743
Capital Desjardins Inc., Series 'F', Variable Rate, Callable <sup>(a)</sup> . . . . .	5.54	06-01-16	424,000	468,220	467,485
Enbridge Inc., Callable . . . . .	5.17	05-19-16	353,000	391,056	387,827
Hydro One Inc. . . . .	4.64	03-03-16	364,000	397,777	395,068
NAV Canada, Callable . . . . .	4.71	02-24-16	318,000	348,148	345,548
RBC Capital Trust, Series '2015', Callable . . . . .	4.87	12-31-15	434,000	467,407	467,241
Sun Life Financial Inc., Variable Rate, Callable <sup>(a)</sup> . . . . .	4.95	06-01-16	368,000	382,309	389,118
Toronto-Dominion Bank (The), Variable Rate, Callable <sup>(a)</sup> . . . . .	4.78	12-14-16	409,000	443,375	445,258
TransCanada PipeLines Ltd., Callable . . . . .	4.65	10-03-16	372,000	409,460	406,166
				4,598,115	4,591,877
<b>4–4.99 Years — 9.00%</b>					
GE Capital Canada Funding Co., Callable . . . . .	4.55	01-17-17	443,000	479,256	479,952
Greater Toronto Airports Authority, Callable . . . . .	4.85	06-01-17	442,000	495,677	492,675
Great-West Lifeco Finance (Delaware) L.P., Variable Rate, Callable <sup>(a)</sup> . . . . .	5.69	06-21-17	428,000	461,700	470,761
Hydro One Inc., Callable . . . . .	5.18	10-18-17	835,300	955,740	950,948
Royal Bank of Canada . . . . .	3.66	01-25-17	406,000	429,155	428,702
Tim Hortons Inc., Series '1', Callable . . . . .	4.20	06-01-17	404,000	439,520	437,112
				3,261,048	3,260,150
<b>5–5.99 Years — 10.50%</b>					
Canadian Imperial Bank of Commerce, Callable, Variable Rate <sup>(a)</sup> . . . . .	6.00	06-06-18	817,000	954,788	958,419

The accompanying notes are an integral part of the financial statements.

## iShares 1-10 Year Laddered Corporate Bond Index Fund (continued)

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>5–5.99 Years (continued)</b>					
Enbridge Pipelines Inc., Callable	6.62	11-19-18	702,000	871,612	866,082
Greater Toronto Airports Authority, Callable	5.26	04-17-18	860,000	989,328	987,556
Great-West Lifeco Inc., Variable Rate, Callable <sup>(a)</sup>	7.13	06-26-18	834,000	965,219	991,247
				<u>3,780,947</u>	<u>3,803,304</u>
<b>6–6.99 Years — 9.64%</b>					
IGM Financial Inc.	7.35	04-08-19	704,000	866,006	868,834
NAV Canada, Series '2009-1'	5.30	04-17-19	739,000	863,899	862,455
Scotiabank Tier I Trust, Variable Rate, Callable <sup>(a)</sup>	7.80	06-30-19	737,000	920,460	931,642
TD Capital Trust III, Variable Rate, Perpetual <sup>(a)</sup>	7.24	12-31-18	668,000	819,336	828,682
				<u>3,469,701</u>	<u>3,491,613</u>
<b>7–7.99 Years — 14.82%</b>					
407 International Inc., Callable	4.99	06-16-20	676,000	780,097	784,286
Capital Desjardins Inc., Series 'G', Callable	5.19	05-05-20	651,000	725,765	742,196
Enbridge Inc., Callable	4.53	03-09-20	719,000	792,119	796,158
Great-West Lifeco Inc., Callable	4.65	08-13-20	667,000	726,067	740,769
Hydro One Inc., Callable	4.40	06-01-20	704,000	788,385	792,382
Manulife Financial Capital Trust II, Series '1', Variable Rate, Callable <sup>(a)</sup>	7.41	12-31-19	644,000	727,403	752,793
Thomson Reuters Corp., Callable	4.35	09-30-20	697,000	754,665	762,127
				<u>5,294,501</u>	<u>5,370,711</u>
<b>8–8.99 Years — 12.82%</b>					
407 International Inc., Callable	4.30	05-26-21	686,000	757,547	763,321
Brookfield Asset Management Inc., Callable	5.30	03-01-21	703,000	757,384	776,792
Capital Desjardins Inc., Variable Rate, Callable <sup>(a)</sup>	4.95	12-15-21	492,000	549,873	556,110
Sun Life Financial Inc., Callable	4.57	08-23-21	551,000	589,663	598,282
TD Capital Trust IV, Variable Rate, Callable <sup>(a)</sup>	6.63	06-30-21	672,000	803,052	824,712
Toronto Hydro Corp., Callable	3.54	11-18-21	499,500	528,037	524,611
TransCanada PipeLines Ltd., Callable	3.65	11-15-21	564,000	601,970	600,726
				<u>4,587,526</u>	<u>4,644,554</u>
<b>9–9.99 Years — 3.16%</b>					
GE Capital Canada Funding Co.	4.60	01-26-22	503,000	547,104	555,065
Hydro One Inc., Callable	3.20	01-13-22	572,000	592,279	590,862
				<u>1,139,383</u>	<u>1,145,927</u>
<b>Total Investments — 98.90%</b>				<u>35,752,846</u>	<u>35,831,237</u>
<b>Cash and Cash Equivalents — 0.67%</b>					<u>242,225</u>
<b>Other Assets, Less Liabilities — 0.43%</b>					<u>156,282</u>
<b>Net Assets — 100.00%</b>					<u>36,229,744</u>

As at December 31, 2011, the investments categorized by duration/ investment type are included in the following table:

Duration/Investment Type	Percentage of Net Assets (%)
0–0.99 Years	7.70
1–5.99 Years	49.56
6–6.99 Years	9.80
7–7.99 Years	11.00
8–8.99 Years	9.65
9–9.99 Years	9.49
Cash and Cash Equivalents	2.71
Other Assets, Less Liabilities	0.09
<b>Total</b>	<u>100.00</u>

<sup>(a)</sup> Coupon rate shown is as at report date.

The accompanying notes are an integral part of the financial statements.

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# iShares 1-10 Year Laddered Government Bond Index Fund

## Statements of Net Assets

As at December 31

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$25,201,311	\$ 9,893,295
Cash and cash equivalents .....	81,301	201,023
Receivables:		
Dividends .....	—	16,653
Interest .....	117,185	15,055
Other .....	—	10
<b>Total Assets</b> .....	<u>25,399,797</u>	<u>10,126,036</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	3,686	841
Service fees .....	2,082	1,109
Independent review committee fees .....	25	—
Distribution .....	76,913	33,605
<b>Total Liabilities</b> .....	<u>82,706</u>	<u>35,555</u>
<b>Net Assets</b> .....	<u>\$25,317,091</u>	<u>\$10,090,481</u>
<b>Net Assets</b>		
Common Units .....	\$20,849,935	\$ 6,962,526
Advisor Class Units .....	4,467,156	3,127,955
<b>Total</b> .....	<u>\$25,317,091</u>	<u>\$10,090,481</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,050,000	345,000
Advisor Class Units .....	225,000	155,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 19.86	\$ 20.18
Advisor Class Units .....	\$ 19.85	\$ 20.18

## Statements of Operations

For the periods ended December 31

	<u>2012</u>	<u>2011</u> <sup>(a)</sup>
<b>Revenue</b>		
Interest income .....	\$ 694,354	\$ 66,600
Securities lending income (Note 10) .....	11,049	1,146
<b>Total revenue</b> .....	<u>705,403</u>	<u>67,746</u>
<b>Expenses</b>		
Management fees (Note 9) .....	26,877	1,384
Service fees (Note 9) .....	19,062	2,208
Independent review committee fees .....	219	30
<b>Total expenses</b> .....	<u>46,158</u>	<u>3,622</u>
<b>Net Investment Income</b> .....	<u>659,245</u>	<u>64,124</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments ..	(104,921)	(471)
Transaction costs (Notes 2 and 13) .....	(7,141)	—
Net change in unrealized appreciation/ depreciation in value of investments ....	<u>(166,135)</u>	<u>58,611</u>
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>(278,197)</u>	<u>58,140</u>
<b>Increase in Net Assets from Operations</b> .....	<u>\$ 381,048</u>	<u>\$122,264</u>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$ 331,642	\$ 98,045
Advisor Class Units .....	49,406	24,219
<b>Total</b> .....	<u>\$ 381,048</u>	<u>\$122,264</u>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.43	\$ 0.31
Advisor Class Units .....	\$ 0.29	\$ 0.24

<sup>(a)</sup> The Fund commenced operations on October 25, 2011.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the periods ended December 31

	2012	2011 (a)
<b>Net Assets, Beginning of Period</b> ..	\$10,090,481	\$ —
<b>Increase in Net Assets from Operations</b> .....	381,048	122,264
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	22,542,730	10,638,992
Payments for units redeemed .....	(7,003,075)	(604,800)
<b>Net capital transactions</b> .....	15,539,655	10,034,192
<b>Distributions (Note 7)</b>		
From net investment income .....	(629,475)	(56,745)
Return of capital .....	(64,618)	(9,230)
<b>Total distributions</b> .....	(694,093)	(65,975)
<b>Increase in Net Assets</b> .....	15,226,610	10,090,481
<b>Net Assets, End of Period</b> .....	\$25,317,091	\$10,090,481
<b>Common Units:</b>		
<b>Net Assets, Beginning of Period</b> ..	\$ 6,962,526	\$ —
<b>Increase in Net Assets from Operations</b> .....	331,642	98,045
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	21,144,917	7,519,133
Payments for units redeemed .....	(7,003,075)	(604,800)
<b>Net capital transactions</b> .....	14,141,842	6,914,333
<b>Distributions (Note 7)</b>		
From net investment income .....	(578,572)	(44,717)
Return of capital .....	(7,503)	(5,135)
<b>Total distributions</b> .....	(586,075)	(49,852)
<b>Increase in Net Assets</b> .....	13,887,409	6,962,526
<b>Net Assets, End of Period</b> .....	\$20,849,935	\$ 6,962,526
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Period</b> ..	\$ 3,127,955	\$ —
<b>Increase in Net Assets from Operations</b> .....	49,406	24,219
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	1,397,813	3,119,859
<b>Net capital transactions</b> .....	1,397,813	3,119,859
<b>Distributions (Note 7)</b>		
From net investment income .....	(50,903)	(12,028)
Return of capital .....	(57,115)	(4,095)
<b>Total distributions</b> .....	(108,018)	(16,123)
<b>Increase in Net Assets</b> .....	1,339,201	3,127,955
<b>Net Assets, End of Period</b> .....	\$ 4,467,156	\$ 3,127,955

(a) The Fund commenced operations on October 25, 2011.

## Statement of Investments

As at December 31, 2012

Security	Coupon rate (%)	Maturity date	Units/Par value	Average cost (\$)	Fair value (\$)
<b>Government Bonds — 99.54%</b>					
<b>0–0.99 Years — 5.79%</b>					
Government of Canada .....	5.25	06-01-13	477,000	494,148	485,209
Province of Ontario .....	4.75	06-02-13	489,500	504,587	496,792
Province of Quebec .....	5.25	10-01-13	470,500	492,854	484,611
				1,491,589	1,466,612
<b>1–1.99 Years — 14.05%</b>					
Province of Ontario .....	5.00	03-08-14	476,500	504,734	497,403
Government of Canada .....	5.00	06-01-14	472,000	505,875	497,492
Export Development Canada .....	5.10	06-02-14	477,500	511,585	503,392
Province of British Columbia .....	5.30	06-18-14	475,000	511,244	502,791
Government of Canada .....	2.00	12-01-14	530,000	540,143	538,505
Province of Quebec .....	5.50	12-01-14	470,000	514,121	506,844
Province of Manitoba .....	4.80	12-03-14	482,000	520,496	513,747
				3,608,198	3,560,174
<b>2–2.99 Years — 10.89%</b>					
Province of Ontario .....	4.50	03-08-15	483,000	520,662	515,314
Government of Canada .....	4.50	06-01-15	475,000	520,068	512,597
Province of Ontario .....	3.15	09-08-15	336,000	351,744	350,884
Government of Canada .....	3.00	12-01-15	332,500	351,587	349,126
Financement-Québec .....	4.25	12-01-15	322,500	349,191	346,895
Province of Quebec .....	5.00	12-01-15	310,500	344,204	340,963
Province of Manitoba .....	5.20	12-03-15	307,500	344,276	340,014
				2,781,732	2,755,793
<b>3–3.99 Years — 9.46%</b>					
Province of Ontario .....	4.40	03-08-16	317,000	347,088	344,644
Municipal Finance Authority of British Columbia .....	4.65	04-19-16	316,500	348,798	345,685
Government of Canada .....	4.00	06-01-16	316,000	348,175	344,415
Province of New Brunswick .....	4.70	07-21-16	399,500	444,918	441,066
Financement-Québec .....	3.50	12-01-16	436,500	465,785	464,239
Province of Quebec, Series 'B079' .....	4.50	12-01-16	411,500	457,324	453,973
				2,412,088	2,394,022
<b>4–4.99 Years — 10.84%</b>					
Province of Ontario .....	4.30	03-08-17	412,000	456,112	453,468
Government of Canada .....	4.00	06-01-17	406,500	456,915	452,143
Alberta Capital Finance Authority .....	4.65	06-15-17	408,000	461,687	458,281
Province of British Columbia .....	4.70	12-01-17	606,000	691,798	689,288
Province of Quebec, Series 'B088' .....	4.50	12-01-17	618,000	694,518	691,764
				2,761,030	2,744,944
<b>5–5.99 Years — 12.11%</b>					
Province of Ontario .....	4.20	03-08-18	623,500	692,745	691,530
Government of Canada .....	4.25	06-01-18	597,000	690,543	684,126
Province of Quebec .....	4.50	12-01-18	499,000	563,086	563,340
Canada Housing Trust No. 1, Series '23' .....	4.10	12-15-18	497,500	561,943	560,747
Province of British Columbia .....	4.65	12-18-18	490,000	562,260	562,790
				3,070,577	3,062,533
<b>6–6.99 Years — 8.97%</b>					
Government of Canada .....	3.75	06-01-19	495,000	563,762	561,170
Province of Ontario .....	4.40	06-02-19	502,500	565,965	567,047
Province of Quebec .....	4.50	12-01-19	501,500	566,561	568,965
Province of British Columbia .....	4.10	12-18-19	512,500	571,204	574,906
				2,267,492	2,272,088
<b>7–7.99 Years — 11.14%</b>					
Canada Housing Trust No. 1 .....	3.75	03-15-20	510,000	567,016	569,270
Government of Canada .....	3.50	06-01-20	505,500	570,556	571,251
Province of Ontario .....	4.20	06-02-20	513,500	571,050	575,551
Province of Quebec .....	4.50	12-01-20	480,000	542,227	546,271
Province of British Columbia, Series 'BCCD-24' .....	3.70	12-18-20	508,000	550,086	557,196
				2,800,935	2,819,539

The accompanying notes are an integral part of the financial statements.

## iShares 1-10 Year Laddered Government Bond Index Fund (continued)

Security	Coupon rate (%)	Maturity date	Units/ Par value	Average cost (\$)	Fair value (\$)
<b>8-8.99 Years — 12.66%</b>					
Government of Canada .....	3.25	06-01-21	501,000	558,047	561,454
Province of Ontario .....	4.00	06-02-21	500,500	548,174	553,845
Canada Housing Trust No. 1 .....	3.80	06-15-21	490,500	548,564	551,870
Province of Manitoba .....	3.85	12-01-21	277,500	306,361	305,529
Province of Quebec .....	4.25	12-01-21	277,000	310,508	309,869
Province of New Brunswick .....	3.35	12-03-21	293,500	307,580	308,960
City of Toronto .....	3.50	12-06-21	297,500	308,064	308,782
Province of British Columbia .....	3.25	12-18-21	289,500	306,378	306,557
				<u>3,193,676</u>	<u>3,206,866</u>
<b>9-9.99 Years — 3.63%</b>					
Canada Housing Trust No. 1 .....	2.65	03-15-22	298,000	308,264	307,401
Government of Canada .....	2.75	06-01-22	281,000	306,352	304,035
Province of Ontario .....	3.15	06-02-22	297,000	306,904	307,304
				<u>921,520</u>	<u>918,740</u>
<b>Total Investments — 99.54%</b> .....				<u>25,308,837</u>	<u>25,201,311</u>
<b>Cash and Cash Equivalents — 0.32%</b> .....					<u>81,301</u>
<b>Other Assets, Less Liabilities — 0.14%</b> .....					<u>34,479</u>
<b>Net Assets — 100.00%</b> .....				<u>25,317,091</u>	<u>25,317,091</u>

As at December 31, 2011, the investments categorized by duration/investment type are included in the following table:

Duration/Investment Type	Percentage of Net Assets (%)
0-0.99 Years .....	8.21
1-5.99 Years .....	49.27
6-6.99 Years .....	10.13
7-7.99 Years .....	10.18
8-8.99 Years .....	10.24
9-9.99 Years .....	10.02
Cash and Cash Equivalents .....	1.99
Other Assets, Less Liabilities .....	(0.04)
<b>Total</b> .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Premium Money Market Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$56,116,784	\$56,828,292
Cash and cash equivalents .....	169,786	210,932
<b>Total Assets</b> .....	<b>56,286,570</b>	<b>57,039,224</b>
<b>Liabilities</b>		
Payables:		
Distribution .....	34,067	37,026
<b>Total Liabilities</b> .....	<b>34,067</b>	<b>37,026</b>
<b>Net Assets</b> .....	<b>\$56,252,503</b>	<b>\$57,002,198</b>
<b>Net Assets</b>		
Common Units .....	\$55,002,473	\$54,502,137
Advisor Class Units .....	1,250,030	2,500,061
<b>Total</b> .....	<b>\$56,252,503</b>	<b>\$57,002,198</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,100,000	1,090,000
Advisor Class Units .....	25,000	50,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 50.00	\$ 50.00
Advisor Class Units .....	\$ 50.00	\$ 50.00

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Interest income .....	\$642,649	\$481,621
Securities lending income (Note 10) .....	1,362	528
<b>Total revenue</b> .....	<b>644,011</b>	<b>482,149</b>
<b>Expenses</b>		
Management fees (Note 9) .....	158,943	127,677
Service fees (Note 9) .....	5,359	6,782
Independent review committee fees .....	397	—
Interest and bank charges .....	—	106
<b>Total expenses</b> .....	<b>164,699</b>	<b>134,565</b>
<b>Net Investment Income</b> .....	<b>479,312</b>	<b>347,584</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net change in unrealized appreciation/depreciation in value of investments .....	(11,386)	22,806
<b>Net realized and unrealized gain (loss) on investments</b> .....	<b>(11,386)</b>	<b>22,806</b>
<b>Increase in Net Assets from Operations</b> .....	<b>\$467,926</b>	<b>\$370,390</b>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$456,512	\$356,651
Advisor Class Units .....	11,414	13,739
<b>Total</b> .....	<b>\$467,926</b>	<b>\$370,390</b>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.41	\$ 0.41
Advisor Class Units .....	\$ 0.28	\$ 0.27

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . . . .	\$57,002,198	\$37,000,597
<b>Increase in Net Assets from Operations</b> . . . . .	467,926	370,390
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . . .	8,002,973	27,506,911
Payments for units redeemed . . . . .	(8,750,000)	(7,500,000)
<b>Net capital transactions</b> . . . . .	(747,027)	20,006,911
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(470,045)	(369,577)
Return of capital . . . . .	(549)	(6,123)
<b>Total distributions</b> . . . . .	(470,594)	(375,700)
<b>Increase (Decrease) in Net Assets</b> . . . . .	(749,695)	20,001,601
<b>Net Assets, End of Year</b> . . . . .	\$56,252,503	\$57,002,198
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . . .	\$54,502,137	\$34,500,570
<b>Increase in Net Assets from Operations</b> . . . . .	456,512	356,651
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . . .	8,002,973	27,506,911
Payments for units redeemed . . . . .	(7,500,000)	(7,500,000)
<b>Net capital transactions</b> . . . . .	502,973	20,006,911
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(459,149)	(356,927)
Return of capital . . . . .	—	(5,068)
<b>Total distributions</b> . . . . .	(459,149)	(361,995)
<b>Increase in Net Assets</b> . . . . .	500,336	20,001,567
<b>Net Assets, End of Year</b> . . . . .	\$55,002,473	\$54,502,137
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . . .	\$ 2,500,061	\$ 2,500,027
<b>Increase in Net Assets from Operations</b> . . . . .	11,414	13,739
<b>Capital Transactions</b>		
Payments for units redeemed . . . . .	(1,250,000)	—
<b>Net capital transactions</b> . . . . .	(1,250,000)	—
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(10,896)	(12,650)
Return of capital . . . . .	(549)	(1,055)
<b>Total distributions</b> . . . . .	(11,445)	(13,705)
<b>Increase (Decrease) in Net Assets</b> . . . . .	(1,250,031)	34
<b>Net Assets, End of Year</b> . . . . .	\$ 1,250,030	\$ 2,500,061

## Statement of Investments

As at December 31, 2012

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Short-Term Notes — 99.76%</b>					
<b>Bankers' Acceptance — 30.74%</b>					
Bank of Nova Scotia . . . . .	1.11	01-16-13	2,650,000	2,647,906	2,648,793
Canadian Imperial Bank of Commerce . . . . .	1.11	01-08-13	1,800,000	1,798,794	1,799,616
Canadian Imperial Bank of Commerce . . . . .	1.07	01-09-13	2,500,000	2,497,500	2,499,394
HSBC Bank Canada . . . . .	1.12	01-15-13	2,500,000	2,498,000	2,498,923
National Bank of Canada . . . . .	1.09	01-08-13	2,700,000	2,696,058	2,699,426
Royal Bank of Canada . . . . .	1.11	01-10-13	2,650,000	2,648,384	2,649,273
Toronto-Dominion Bank (The) . . . . .	1.06	01-22-13	2,500,000	2,497,600	2,498,425
				17,284,242	17,293,850
<b>Bearer Deposit Notes — 9.33%</b>					
Manulife Bank of Canada . . . . .	1.05	01-03-13	2,500,000	2,498,775	2,499,847
J.P. Morgan Canada . . . . .	1.11	01-07-13	2,750,000	2,743,098	2,749,495
				5,241,873	5,249,342
<b>Discount Commercial Paper — 44.77%</b>					
Caisse Centrale Desjardins . . . . .	1.09	01-11-13	2,500,000	2,493,600	2,499,247
CDP Financial Inc. . . . .	1.04	01-31-13	2,500,000	2,494,375	2,497,808
Central 1 Credit Union . . . . .	0.79	01-08-13	2,500,000	2,496,643	2,499,452
GE Capital Canada Funding Co. . . . .	1.09	03-07-13	2,700,000	2,692,764	2,694,531
Honda Canada Finance Inc. . . . .	1.08	01-28-13	2,500,000	2,494,375	2,497,920
Imperial Oil Ltd. . . . .	0.97	01-03-13	2,500,000	2,498,545	2,499,850
OMERS Finance Trust . . . . .	1.06	02-22-13	2,500,000	2,494,429	2,495,992
Ontario Infrastructure and Lands Corp. . . . .	1.05	01-15-13	2,500,000	2,493,550	2,498,985
PSP Capital Inc. . . . .	1.05	01-30-13	2,500,000	2,494,425	2,497,900
Wells Fargo Financial Canada Corp. . . . .	1.12	01-03-13	2,500,000	2,498,925	2,499,846
				25,151,631	25,181,531
<b>Treasury Bills — 14.92%</b>					
Government of Canada . . . . .	0.85	01-03-13	2,500,000	2,499,825	2,499,883
Government of Canada . . . . .	0.89	01-31-13	2,400,000	2,394,712	2,398,082
Government of Canada . . . . .	0.99	02-28-13	2,500,000	2,491,950	2,496,043
Government of Canada . . . . .	0.96	03-14-13	1,000,000	996,890	998,053
				8,383,377	8,392,061
<b>Total Short-Term Notes — 99.76%</b> . . . . .				56,061,123	56,116,784
<b>Total Investments — 99.76%</b> . . . . .				56,061,123	56,116,784
<b>Cash and Cash Equivalents — 0.30%</b> . . . . .					169,786
<b>Other Assets, Less Liabilities — (0.06)%</b> . . . . .					(34,067)
<b>Net Assets — 100.00%</b> . . . . .					56,252,503

As at December 31, 2011, the investments categorized by investment type are included in the following table:

Investment Type	Percentage of Net Assets (%)
Bankers' Acceptance . . . . .	25.59
Bearer Deposit Notes . . . . .	7.89
Discount Commercial Paper . . . . .	54.82
Treasury Bills . . . . .	11.39
Cash and Cash Equivalents . . . . .	0.37
Other Assets, Less Liabilities . . . . .	(0.06)
<b>Total</b> . . . . .	100.00

The accompanying notes are an integral part of the financial statements.

# iShares Broad Emerging Markets Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) . . . . .	\$75,880,764	\$ 74,582,869
Cash and cash equivalents . . . . .	1,640,391	204,519
Receivables:		
Dividends . . . . .	77,130	1,557
Investment securities sold . . . . .	173,930	75,832,439
Unrealized appreciation on forward currency contracts (Note 2) . . . . .	—	1,368,210
<b>Total Assets</b> . . . . .	<u>77,772,215</u>	<u>151,989,594</u>
<b>Liabilities</b>		
Payables:		
Management fees . . . . .	35,556	33,440
Service fees . . . . .	6,440	6,544
Independent review committee fees . . . . .	86	840
Investment securities purchased . . . . .	—	75,317,129
Distribution . . . . .	1,450,496	792,339
Unrealized depreciation on forward currency contracts (Note 2) . . . . .	—	276,487
<b>Total Liabilities</b> . . . . .	<u>1,492,578</u>	<u>76,426,779</u>
<b>Net Assets</b> . . . . .	<u>\$76,279,637</u>	<u>\$ 75,562,815</u>
<b>Net Assets</b>		
Common Units . . . . .	\$67,319,372	\$ 66,967,077
Advisor Class Units . . . . .	8,960,265	8,595,738
<b>Total</b> . . . . .	<u>\$76,279,637</u>	<u>\$ 75,562,815</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units . . . . .	2,250,000	2,440,000
Advisor Class Units . . . . .	300,000	315,000
<b>Net Assets per Unit</b>		
Common Units . . . . .	\$ 29.92	\$ 27.45
Advisor Class Units . . . . .	\$ 29.87	\$ 27.29

## Statements of Operations

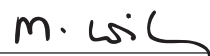
For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> . . . . .	\$ 2,362,151	\$ 90,300
Securities lending income (Note 10) . . . . .	26,597	—
Miscellaneous income . . . . .	—	5,230
<b>Total revenue</b> . . . . .	<u>2,388,748</u>	<u>95,530</u>
<b>Expenses</b>		
Management fees (Note 9) . . . . .	447,314	481,001
Service fees (Note 9) . . . . .	74,487	82,307
Independent review committee fees . . . . .	857	4,719
Interest and bank charges . . . . .	5,910	—
<b>Total expenses</b> . . . . .	<u>528,568</u>	<u>568,027</u>
<b>Net Investment Income (Loss)</b> . . . . .	<u>1,860,180</u>	<u>(472,497)</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments . . . . .	2,814,311	(5,601,581)
Net realized gain (loss) on forward currency contracts . . . . .	1,091,723	(5,180,408)
Net realized gain (loss) on foreign exchange transactions . . . . .	(412,314)	2,165,267
Transaction costs (Notes 2 and 13) . . . . .	(66,868)	(159,986)
Net change in unrealized appreciation/depreciation in value of investments . . . . .	4,508,609	(13,706,248)
Net change in unrealized appreciation/depreciation in value of forward currency contracts . . . . .	(1,091,723)	165,099
Net change in unrealized appreciation/depreciation on foreign exchange transactions . . . . .	159,209	(143,814)
<b>Net realized and unrealized gain (loss) on investments</b> . . . . .	<u>7,002,947</u>	<u>(22,461,671)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	<u>\$ 8,863,127</u>	<u>\$(22,934,168)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units . . . . .	\$ 7,891,620	\$(20,552,825)
Advisor Class Units . . . . .	971,507	(2,381,343)
<b>Total</b> . . . . .	<u>\$ 8,863,127</u>	<u>\$(22,934,168)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units . . . . .	\$ 3.34	\$ (7.54)
Advisor Class Units . . . . .	\$ 3.08	\$ (7.66)

<sup>(a)</sup> Net of withholding taxes of \$276,334 and \$15,934, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . .	\$75,562,815	\$ 98,499,162
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	8,863,127	(22,934,168)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	2,048,696	12,266,955
Payments for units redeemed . . . . .	(8,092,635)	(11,455,945)
<b>Net capital transactions</b> . . . . .	(6,043,939)	811,010
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(2,102,366)	(806,420)
Return of capital . . . . .	—	(6,769)
<b>Total distributions</b> . . . . .	(2,102,366)	(813,189)
<b>Increase (Decrease) in Net Assets</b> . . . . .	716,822	(22,936,347)
<b>Net Assets, End of Year</b> . . . . .	\$76,279,637	\$ 75,562,815
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$66,967,077	\$ 88,537,549
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	7,891,620	(20,552,825)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	1,761,538	11,221,404
Payments for units redeemed . . . . .	(7,357,210)	(11,455,945)
<b>Net capital transactions</b> . . . . .	(5,595,672)	(234,541)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(1,943,653)	(783,106)
<b>Total distributions</b> . . . . .	(1,943,653)	(783,106)
<b>Increase (Decrease) in Net Assets</b> . . . . .	352,295	(21,570,472)
<b>Net Assets, End of Year</b> . . . . .	\$67,319,372	\$ 66,967,077
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 8,595,738	\$ 9,961,613
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	971,507	(2,381,343)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	287,158	1,045,551
Payments for units redeemed . . . . .	(735,425)	—
<b>Net capital transactions</b> . . . . .	(448,267)	1,045,551
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(158,713)	(23,314)
Return of capital . . . . .	—	(6,769)
<b>Total distributions</b> . . . . .	(158,713)	(30,083)
<b>Increase (Decrease) in Net Assets</b> . . . . .	364,527	(1,365,875)
<b>Net Assets, End of Year</b> . . . . .	\$ 8,960,265	\$ 8,595,738

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Exchange-Traded Funds — 23.75%</b>			
iShares MSCI Chile Investable Market Index Fund . . . . .	11,100	662,328	698,946
iShares MSCI Russia Capped Index Fund . . . . .	2,700	57,888	63,634
iShares MSCI Taiwan Index Fund . . . . .	1,007,188	12,195,450	13,638,855
iShares S&P India Nifty 50 Index Fund . . . . .	149,700	3,307,686	3,712,992
		16,223,352	18,114,427
<b>Equities — 75.73%</b>			
<b>Brazil — 16.95%</b>			
AES Tiete SA . . . . .	1,200	15,556	12,167
AES Tiete SA, Preferred . . . . .	3,100	45,644	35,427
All America Latina Logistica . . . . .	15,300	79,714	61,830
Banco Bradesco SA, Preferred . . . . .	51,700	886,702	884,235
Banco do Brasil SA . . . . .	49,800	618,611	619,975
Banco do Estado do Rio Grande do Sul SA, Preferred, Class 'B' . . . . .	5,100	62,077	38,467
Banco Santander (Brasil) SA . . . . .	34,400	326,200	249,760
BM&F BOVESPA SA . . . . .	45,700	252,240	311,135
BR Malls Participações SA . . . . .	4,700	60,186	61,552
Braskem SA, Preferred, Series 'A' . . . . .	9,800	72,714	60,954
BRF — Brasil Foods SA . . . . .	11,300	225,911	231,842
CCR SA . . . . .	26,100	190,076	246,360
Centrais Elétricas Brasileiras SA . . . . .	37,200	329,994	114,512
Centrais Elétricas Brasileiras SA, Preferred, Class 'B' . . . . .	18,500	247,925	94,014
Cia Saneamento Basico de Sao Paulo NPV . . . . .	2,000	57,063	84,130
Cielo SA . . . . .	2,540	69,447	70,382
Companhia Brasileira de Distribuicao Grupo Pao de Acucar, Preference A Shares . . . . .	2,100	77,155	92,391
Companhia de Bebidas das Americas . . . . .	1,500	44,911	61,048
Companhia de Bebidas das Americas, Preferred . . . . .	8,700	321,072	362,073
Companhia de Saneamento de Minas Gerais — Copasa MG . . . . .	2,200	49,716	46,796
Companhia Energetica de Minas Gerais . . . . .	2,400	28,743	25,560
Companhia Energetica de Minas Gerais, Preferred . . . . .	15,850	292,506	173,581
Companhia Energética de São Paulo, Preferred, Class 'B' . . . . .	3,200	57,995	30,174
Companhia Paranaense de Energia-Copel, Preferred, Series 'B' . . . . .	4,800	104,770	73,855
Companhia Siderurgica Nacional SA . . . . .	42,800	377,818	246,434
Cosan SA Industria e Comercio . . . . .	3,400	63,482	68,848
Cyrela Brazil Realty SA . . . . .			
Empreendimentos e Participações . . . . .	6,900	54,501	60,029
EDP — Energias do Brasil SA . . . . .	8,700	66,119	52,547
Eletropaulo Metropolitana SA, Preferred . . . . .	6,700	143,585	54,738
Embraer SA . . . . .	23,600	154,859	165,150
Fibra Celulose SA . . . . .	10,300	82,149	113,051
Gafisa SA . . . . .	22,900	64,577	52,229
Gerdau SA . . . . .	6,900	49,233	51,708
Gerdau SA, Preferred . . . . .	33,700	286,519	293,843
Itau Unibanco Holding SA . . . . .	5,700	104,259	85,902
Itau Unibanco Holding SA, Preferred . . . . .	56,100	1,062,559	910,928
Itausa-Investimentos Itau SA, Preferred, Registered . . . . .	40,800	233,173	192,260
JBS SA . . . . .	25,000	96,096	72,945
Klabin SA, Preferred . . . . .	14,500	63,610	89,482
Light SA . . . . .	5,100	80,544	54,761
Lojas Americanas SA . . . . .	1,561	10,713	13,527
Lojas Americanas SA, Preferred . . . . .	5,297	46,873	46,882
Marrig Frigorificos e Comercio de Alimentos SA . . . . .	9,700	56,777	39,907
Metallurgica Gerdau SA, Preferred . . . . .	18,900	191,885	209,557
Natura Cosmeticos SA . . . . .	3,800	75,558	108,363
Oi SA . . . . .	3,700	23,139	16,374
Oi SA, Preferred . . . . .	18,700	89,155	75,024
PDG Realty SA . . . . .			
Empreendimentos e Participações . . . . .	19,900	78,038	31,935

The accompanying notes are an integral part of the financial statements.

## iShares Broad Emerging Markets Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)	Security	Shares	Average cost (\$)	Fair value (\$)
<b>Brazil (continued)</b>				<b>Hong Kong — 5.18%</b>			
Petróleo Brasileiro SA	128,100	1,677,723	1,215,377	Beijing Enterprises Holdings Ltd.	11,000	67,044	71,291
Petróleo Brasileiro SA, Preferred	186,200	2,308,216	1,766,613	China Merchants Holdings International Co. Ltd.	22,000	68,953	70,090
Souza Cruz SA	6,000	75,378	89,868	China Mobile Ltd.	163,000	1,612,343	1,889,792
Sul America SA	5,702	53,469	49,080	China Overseas Land & Investment Ltd.	62,000	108,159	183,985
Suzano Bahia Sul Papel e Celulose SA	18,200	75,969	61,778	China Resources Enterprise Ltd.	34,000	118,737	122,079
Telefonica Brasil SA, Preferred	7,500	217,296	178,642	China Resources Land Ltd.	36,000	59,034	96,887
Tim Participações SA	19,000	96,271	75,673	China Resources Power Holdings Co. Ltd.	46,000	89,133	116,413
Tractebel Energia SA	6,000	98,574	96,871	China Unicom Ltd.	224,000	483,356	356,820
Ultrapar Participações SA	8,500	160,116	190,226	Citic Pacific Ltd.	54,000	99,053	80,053
Usinas Siderurgicas de Minas Gerais SA	17,800	174,241	118,330	CNOOC Ltd.	331,000	592,461	713,509
Usinas Siderurgicas de Minas Gerais SA, Preferred, Series 'A'	40,600	254,171	252,721	Lenovo Group Ltd.	208,000	182,446	187,310
Vale SA	36,900	823,335	758,334	Shanghai Industrial Holdings Ltd.	18,000	52,487	62,549
Vale SA, Preferred, Series 'A'	46,800	1,005,510	929,927				
		15,092,418	12,932,084			3,533,206	3,950,778
<b>Chile — 0.51%</b>				<b>Hungary — 1.12%</b>			
Banco de Chile, ADR	622	52,259	60,062	Gedeon Richter Rt.	364	63,534	59,414
Banco Santander Chile SA, ADR	441	13,730	12,501	Magyar Telekom Telecommunications PLC, Registered	50,020	110,690	84,104
Empresa Nacional de Electricidad SA, ADR	1,586	72,157	76,991	MOL Hungarian Oil and Gas Co. PLC	3,797	293,933	303,895
Enerjis SA, ADR	9,995	178,080	182,724	OTP Bank Nyrt.	21,733	338,508	405,585
Latam Airlines Group SA, ADR	2,411	69,183	56,411			806,665	852,998
		385,409	388,689				
<b>China — 12.36%</b>				<b>India — 1.17%</b>			
Agricultural Bank of China Ltd.	557,000	248,885	274,768	Axis Bank Ltd., GDR, Registered 'S'	5,500	86,091	134,390
Aluminum Corp. of China Ltd., Series 'H'	108,000	49,948	48,975	Mahindra & Mahindra Ltd., GDR	4,600	62,904	76,535
Angang New Steel Co. Ltd., Class 'H'	80,000	57,751	58,168	Reliance Industries Ltd., GDR	20,000	539,424	607,775
Bank of China Ltd., Class 'H'	2,859,000	1,121,818	1,274,450	Sterlite Industries (India) Ltd., ADR	7,672	53,736	65,466
Bank of Communications Co. Ltd., Class 'H'	245,000	178,785	183,491	Tata Motors Ltd., ADR	225	3,886	6,434
China Citic Bank, Class 'H'	224,000	130,351	132,369			746,041	890,600
China Coal Energy Co., Class 'H'	88,000	98,647	94,621	<b>Indonesia — 1.63%</b>			
China Communications Construction Co. Ltd., Class 'H'	172,000	137,579	165,055	PT Astra International TBK	405,000	335,487	313,820
China Construction Bank Corp., Class 'H'	1,986,000	1,432,940	1,586,897	PT Bank Central Asia TBK	141,000	127,982	131,835
China COSCO Holdings Co. Ltd., Class 'H'	121,500	66,878	59,155	PT Bank Mandiri	154,500	116,104	128,496
China Life Insurance Co. Ltd., Series 'H'	144,000	363,848	468,943	PT Bank Rakyat Indonesia (Perseo) TBK	178,000	135,474	126,892
China Merchants Bank Co. Ltd.	71,500	147,718	156,882	PT Bumi Resources TBK	909,500	231,943	55,439
China Minsheng Banking Corp. Ltd., Series 'H'	76,500	67,421	87,956	PT Perusahaan Gas Negara	155,500	64,355	71,893
China National Building Material Co. Ltd., Class 'H'	48,000	60,273	69,925	PT Telekomunikasi Indonesia	387,000	311,997	355,848
China Pacific Insurance (Group) Co. Ltd., Class 'H'	27,200	78,452	100,109	PT United Tractors TBK	30,500	88,726	61,919
China Petroleum and Chemical Corp. (Sinopec), Series 'H'	763,000	823,815	860,594			1,412,068	1,246,142
China Railway Construction Corp., Class 'H'	135,500	82,529	152,832	<b>Malaysia — 3.85%</b>			
China Railway Group Ltd., Class 'H'	279,000	93,109	162,361	ANMB Holdings BHD	42,400	85,391	92,222
China Shenhua Energy Co. Ltd.	66,000	296,791	287,000	Axiata Group BHD	109,800	182,183	235,602
China Telecom Corp. Ltd., Series 'H'	580,000	335,080	320,388	British American Tobacco Malaysia Berhad	3,200	54,586	63,558
Dongfeng Motor Corp., Class 'H'	46,000	83,677	70,203	CIMB Group Holdings BHD	106,500	264,861	264,585
Guangzhou Automobile Group Co. Ltd., Class 'H'	62,000	53,967	54,558	DiGi.Com Berhad	111,800	142,679	191,114
Huaneng Power International Inc., Series 'H'	140,000	77,085	128,412	Genting BHD	46,600	161,002	139,442
Industrial and Commercial Bank of China, Class 'H'	1,709,000	1,048,575	1,207,491	Genting Malaysia BHD	50,900	63,671	58,504
Jiangxi Copper Co. Ltd., Series 'H'	25,000	61,120	65,356	IJM Corp. BHD	29,500	55,881	47,546
PetroChina Co. Ltd., Series 'H'	628,000	803,927	882,584	IOI Corp. BHD	77,400	131,708	125,757
PICC Property and Casualty Co. Ltd., Series 'H'	48,000	66,078	66,965	Kuala Lumpur Kepong Berhad	7,500	56,682	57,730
Ping An Insurance (Group) Co. of China Ltd.	29,500	236,313	245,760	Malayan Banking BHD	115,200	329,494	340,588
Sino-Ocean Land Holdings Ltd.	153,000	72,059	113,409	Maxis Berhad	40,600	79,133	87,778
Yanzhou Coal Mining Co. Ltd., Class 'H'	30,000	64,359	49,330	Petronas Chemicals Group BHD	46,000	100,997	94,360
		8,439,778	9,429,007	Petronas Gas Berhad	12,700	66,019	80,719
				PPB Group Berhad	11,700	62,724	44,191
				Public Bank BHD	73,100	322,758	387,016
				Sime Darby Berhad	83,200	263,371	257,358
				Telekom Malaysia BHD	44,200	74,092	86,350
				Tenaga Nasional BHD	50,400	104,108	113,396
				UMW Holdings BHD	29,000	66,613	112,744
				YTL Power International BHD	103,700	60,312	52,674
						2,728,265	2,933,234
<b>Czech Republic — 0.77%</b>				<b>Mexico — 2.72%</b>			
CEZ AS	8,334	345,372	296,443	Alfa SA, Series 'A'	75,800	87,855	159,422
Komerční Banka AS	500	84,980	104,880	America Movil SA de CV, Series 'L', BHD	969,300	1,141,991	1,106,639
Telefonica Czech Republic AS	10,000	196,266	182,769	Coca-Cola FEMSA SAB de CV	11,400	113,652	167,616
		626,618	584,092	Empresas ICA SAB de CV	43,800	54,956	108,341
				Grupo Aeroportuario del Pacifico SA de CV	17,800	62,114	100,123
				Grupo Bimbo SAB de CV, Series 'A'	45,600	96,700	116,814
<b>Egypt — 0.64%</b>							
Commercial International Bank, GDR	28,100	114,398	152,347				
Orascom Construction Industries, GDR	3,500	132,503	140,060				
Orascom Telecom Holding S.A.E., GDR	56,900	165,161	177,728				
Orascom Telecom Media and Technology Holding SAE, GDR	36,900	41,106	15,431				
		453,168	485,566				

The accompanying notes are an integral part of the financial statements.



Security	Shares	Average cost (\$)	Fair value (\$)	Security	Shares	Average cost (\$)	Fair value (\$)
<b>Mexico (continued)</b>				<b>South Africa (continued)</b>			
Kimberly-Clark de Mexico SAB de CV, Series 'A' .....	30,900	56,270	78,422	Shoprite Holdings Ltd. ....	7,441	126,333	178,580
Wal-Mart de Mexico SA de CV, Series 'V' .....	74,300	206,844	240,240	Spar Group Ltd. (The) .....	4,000	55,896	60,791
				Standard Bank Group Ltd. ....	54,210	677,816	756,303
		<u>1,820,382</u>	<u>2,077,617</u>	Steinhoff International Holdings Ltd. ....	40,156	116,250	129,266
				Telkom SA SOC Ltd. ....	52,211	160,447	102,939
<b>Poland — 3.07%</b>				Tiger Brands Ltd. ....	2,533	80,780	96,685
Bank Pekao SA .....	3,244	140,365	174,710	Truworths International Ltd. ....	5,373	50,437	68,138
Grupa Lotos SA .....	8,176	60,153	108,373	Vodacom Group Ltd. ....	10,282	115,306	149,626
KGHM Polska Miedz SA .....	7,234	261,359	441,730	Woolworths Holdings Ltd. ....	14,386	70,474	119,869
Polish Oil & Gas .....	59,130	73,085	98,922			<u>7,011,467</u>	<u>7,749,022</u>
Polska Grupa Energetyczna SA .....	25,811	161,839	151,216				
Polski Koncern Naftowy Orlen SA .....	32,126	324,585	511,616	<b>Thailand — 1.93%</b>			
Powszechna Kasa Oszczednosci Bank				Advanced Info Service Public Co. Ltd., NVDR ..	35,400	201,237	240,823
Polski SA .....	19,000	189,584	225,071	Bangkok Bank Public Co. Ltd., Registered .....	10,700	56,337	72,791
Powszechny Zaklad Ubezpieczen SA .....	1,952	187,206	274,437	IRPC PCL, ADR .....	490,900	59,979	65,832
Tauron Polska Energia SA .....	100,866	169,380	153,168	Kasikornbank Public Co. Ltd. ....	20,300	80,734	127,857
Telekomunikacja Polska SA .....	51,983	268,361	204,536	PTT Exploration and Production Public Co. ....			
		<u>1,835,917</u>	<u>2,343,779</u>	Ltd. ....	29,655	156,429	157,821
				PTT Global Chemical PCL, NVDR .....	54,300	99,165	123,722
<b>Russia — 10.80%</b>				PTT Public Co. Ltd. ....	32,800	342,867	354,455
Federal Hydrogenerating Co. JSC ADR .....	40,995	133,606	94,128	Siam Cement Public Co. Ltd. (The) .....	6,200	74,273	94,447
Magnitogorsk Iron & Steel Works, GDR, Registered .....	9,378	48,924	40,759	Siam Commercial Bank Public Co. Ltd. ....	26,000	120,034	153,180
Mechel OAO, ADR .....	8,297	55,174	56,838	Ltd. ....	38,700	75,517	85,028
Mobile TeleSystems OJSC, ADR .....	16,086	247,604	298,554			<u>1,266,572</u>	<u>1,475,956</u>
Novatek OAO, GDR .....	614	77,536	73,180	<b>Turkey — 2.87%</b>			
Novolipetsk Steel, GDR .....	2,656	52,958	53,526	Akbank T.A.S. ....	33,744	137,425	165,293
OAO Gazprom, ADR .....	281,866	2,997,108	2,654,987	Anadolu Efes Biracilik ve Malt Sanayii AS .....	3,912	53,538	55,873
OAO LUKOIL, ADR .....	37,887	2,038,705	2,493,562	Dogan Sirketler Grubu Holdings AS .....	191,674	80,746	97,312
OAO Tatneft, GDR .....	11,909	352,439	516,525	Eregli Demir ve Celik Fabrikalari TAS .....	59,108	113,701	80,464
OJSC MMC Norilsk Nickel, ADR .....	13,478	212,145	247,331	Haci Omer Sabanci Holding AS .....	18,277	80,688	99,114
OJSC Rosneft Oil Co., GDR .....	61,501	411,854	545,618	Koc Holding AS .....	70,224	265,732	362,010
Rostelekom ADR .....	6,600	199,711	156,930	Tupras-Turkiye Petrol Rafinerileri AS .....	6,661	162,471	190,457
Sberbank of Russia, ADR .....	44,600	470,507	546,221	Turk Hava Yollari Anonim Ortakligi .....	119,477	179,153	415,941
Severstal, GDR, Registered .....	7,993	96,624	96,857	Turk Telekomunikasyon AS .....	20,739	88,352	79,836
Surgutneftegaz, ADR .....	28,752	229,028	251,930	Turkcell Iletisim Hizmetleri AS .....	9,748	52,180	62,543
VTB Bank, GDR .....	31,970	129,249	110,109	Turkiye Garanti Bankasi AS .....	23,371	88,990	120,479
		<u>7,749,172</u>	<u>8,237,055</u>	Turkiye Halk Bankasi AS .....	8,779	62,253	85,468
				Turkiye Is Bankasi, Series 'C' .....	57,624	137,373	198,037
				Turkiye Vakiflar Bankasi T.A.O., Class 'D' .....	33,335	63,465	85,736
				Yapi ve Kredi Bankasi AS .....	31,542	63,010	91,155
<b>South Africa — 10.16%</b>						<u>1,629,077</u>	<u>2,189,718</u>
ABSA Group Ltd. ....	11,120	199,628	213,447	<b>Total Equities — 75.73%</b> .....		<u>55,536,223</u>	<u>57,766,337</u>
African Bank Investments Ltd. ....	23,469	100,047	88,384	<b>Total Investments — 99.48%</b> .....		<u>71,759,575</u>	<u>75,880,764</u>
Anglo American Platinum Ltd. ....	2,498	167,474	130,845	<b>Transaction costs (Note 2)</b> .....		<u>(74,970)</u>	<u>—</u>
AngloGold Ashanti Ltd. ....	3,464	145,131	106,310	<b>Total Investments — 99.48%</b> .....		<u>71,684,605</u>	<u>75,880,764</u>
Aspen Pharmaccare Holdings Ltd. ....	6,693	80,838	132,744	<b>Cash and Cash Equivalents — 2.15%</b> .....			<u>1,640,391</u>
Aveng Ltd. ....	21,430	88,512	76,278	<b>Other Assets, Less Liabilities — (1.63)%</b> .....			<u>(1,241,518)</u>
Barloworld Ltd. ....	13,454	125,956	137,697	<b>Net Assets — 100.00%</b> .....			<u>76,279,637</u>
Bidvest Group Ltd. ....	11,161	216,522	282,252				
FirstRand Ltd. ....	124,798	326,297	454,022	<b>ADR — American Depositary Receipt</b>			
Foschini Ltd. ....	3,903	51,683	64,470	<b>GDR — Global Depositary Receipt</b>			
Gold Fields Ltd. ....	14,903	231,983	181,455				
Grindrod Ltd. ....	27,195	54,776	49,500				
Growthpoint Properties Ltd. ....	35,985	85,361	103,465				
Harmony Gold Mining Co. Ltd. ....	6,359	75,355	54,702				
Impala Platinum Holdings Ltd. ....	20,805	429,033	409,457				
Imperial Holdings Ltd. ....	7,058	109,009	164,327				
JD Group Ltd. ....	8,854	54,079	46,758				
Kumba Iron Ore Ltd. ....	1,468	94,669	96,649				
Liberty Holdings Ltd. ....	5,863	58,823	76,492				
Mittal Steel South Africa Ltd. ....	12,225	104,554	51,649				
MMI Holdings Ltd. ....	27,162	58,473	70,670				
Mondi Ltd. ....	6,250	46,736	67,597				
MTN Group Ltd. ....	41,174	737,119	858,170				
Murray & Roberts Holdings Ltd. ....	22,951	74,399	65,801				
Nampak Ltd. ....	19,722	54,716	73,370				
Naspers Ltd., Series 'N' .....	3,617	160,823	230,577				
Nedbank Group Ltd. ....	8,718	157,889	192,346				
Network Healthcare Holdings Ltd. ....	37,299	63,023	85,663				
Pick'n Pay Stores Ltd. ....	10,231	59,045	53,370				
PPC Ltd. ....	18,018	61,453	72,317				
Remgro Ltd. ....	10,190	151,949	190,334				
Reunert Ltd. ....	7,163	56,867	63,047				
Sanlam Ltd. ....	74,739	270,622	392,683				
Sappi Ltd. ....	36,937	114,237	133,165				
Sasol Ltd. ....	14,487	690,647	616,812				

The accompanying notes are an integral part of the financial statements.

## iShares Broad Emerging Markets Fund (continued)

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As at December 31, 2011, the investments categorized by country/investment type are included in the following table:

Country/Investment Type	Percentage of Net Assets (%)
Brazil .....	15.99
Chile .....	1.28
China .....	10.38
Colombia .....	1.16
Czech Republic .....	0.64
Egypt .....	0.40
Hong Kong .....	5.59
Hungary .....	0.72
India .....	6.11
Indonesia .....	1.57
Malaysia .....	3.76
Mexico .....	5.18
Poland .....	2.00
Russia .....	12.46
South Africa .....	11.93
Taiwan .....	16.24
Thailand .....	1.83
Turkey .....	1.46
Unrealized Appreciation on Forward Currency Contracts .....	1.40
Cash and Cash Equivalents .....	0.27
Other Assets, Less Liabilities .....	(0.37)
Total .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares China All-Cap Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$6,470,274	\$7,408,419
Cash and cash equivalents .....	468,531	207,636
<b>Total Assets</b> .....	<b>6,938,805</b>	<b>7,616,055</b>
<b>Liabilities</b>		
Payables:		
Service fees .....	314	620
Independent review committee fees .....	10	92
Distribution .....	340,960	99,219
<b>Total Liabilities</b> .....	<b>341,284</b>	<b>99,931</b>
<b>Net Assets</b> .....	<b>\$6,597,521</b>	<b>\$7,516,124</b>
<b>Net Assets</b>		
Common Units .....	\$6,134,483	\$6,683,253
Advisor Class Units .....	463,038	832,871
<b>Total</b> .....	<b>\$6,597,521</b>	<b>\$7,516,124</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	325,000	400,100
Advisor Class Units .....	25,000	50,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 18.88	\$ 16.70
Advisor Class Units .....	\$ 18.52	\$ 16.66

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 118,163	\$ 181,218
Securities lending income (Note 10) .....	18,972	30,989
<b>Total revenue</b> .....	<b>137,135</b>	<b>212,207</b>
<b>Expenses</b>		
Service fees (Note 9) .....	6,186	7,603
Independent review committee fees .....	96	439
<b>Total expenses</b> .....	<b>6,282</b>	<b>8,042</b>
<b>Net Investment Income</b> .....	<b>130,853</b>	<b>204,165</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments .....	(553,191)	—
Net realized loss on foreign exchange transactions .....	(1,830)	(867)
Transaction costs (Notes 2 and 13) .....	(220)	(29)
Net change in unrealized appreciation/depreciation in value of investments .....	1,556,539	(1,789,504)
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	—	495
<b>Net realized and unrealized gain (loss) on investments</b> .....	<b>1,001,298</b>	<b>(1,789,905)</b>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<b>\$1,132,151</b>	<b>\$(1,585,740)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$1,041,354	\$(1,404,147)
Advisor Class Units .....	90,797	(181,593)
<b>Total</b> .....	<b>\$1,132,151</b>	<b>\$(1,585,740)</b>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 2.55	\$ (3.51)
Advisor Class Units .....	\$ 2.07	\$ (3.63)

<sup>(a)</sup> Net of withholding taxes of \$32,200 and \$20,135, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . . . .	\$ 7,516,124	\$ 9,201,083
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,132,151	(1,585,740)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . . .	909,955	—
Payments for units redeemed . . . . .	(2,619,749)	—
<b>Net capital transactions</b> . . . . .	(1,709,794)	—
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(340,960)	(98,683)
Return of capital . . . . .	—	(536)
<b>Total distributions</b> . . . . .	(340,960)	(99,219)
<b>Decrease in Net Assets</b> . . . . .	(918,603)	(1,684,959)
<b>Net Assets, End of Year</b> . . . . .	<u>\$ 6,597,521</u>	<u>\$ 7,516,124</u>
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . . .	\$ 6,683,253	\$ 8,181,744
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,041,354	(1,404,147)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . . .	909,955	—
Payments for units redeemed . . . . .	(2,186,636)	—
<b>Net capital transactions</b> . . . . .	(1,276,681)	—
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(313,443)	(94,344)
<b>Total distributions</b> . . . . .	(313,443)	(94,344)
<b>Decrease in Net Assets</b> . . . . .	(548,770)	(1,498,491)
<b>Net Assets, End of Year</b> . . . . .	<u>\$ 6,134,483</u>	<u>\$ 6,683,253</u>
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . . .	\$ 832,871	\$ 1,019,339
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	90,797	(181,593)
<b>Capital Transactions</b>		
Payments for units redeemed . . . . .	(433,113)	—
<b>Net capital transactions</b> . . . . .	(433,113)	—
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(27,517)	(4,339)
Return of capital . . . . .	—	(536)
<b>Total distributions</b> . . . . .	(27,517)	(4,875)
<b>Decrease in Net Assets</b> . . . . .	(369,833)	(186,468)
<b>Net Assets, End of Year</b> . . . . .	<u>\$ 463,038</u>	<u>\$ 832,871</u>

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Exchange-Traded Funds — 98.07%</b>			
Guggenheim China All-Cap ETF . . . . .	254,832	6,939,990	6,470,274
<b>Total Exchange-Traded Funds — 98.07%</b> . . . . .		6,939,990	6,470,274
<b>Transaction costs (Note 2)</b> . . . . .		(310)	—
<b>Total Investments — 98.07%</b> . . . . .		<u>6,939,680</u>	<u>6,470,274</u>
<b>Cash and Cash Equivalents — 7.10%</b> . . . . .			468,531
<b>Other Assets, Less Liabilities — (5.17)%</b> . . . . .			(341,284)
<b>Net Assets — 100.00%</b> . . . . .			<u>6,597,521</u>

As at December 31, 2012 and 2011, the investments categorized by sector/investment type of the underlying fund, the U.S.-based Guggenheim China All-Cap ETF, are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)	
	2012	2011
Financials . . . . .	35.20	31.97
Energy . . . . .	15.34	17.78
Information Technology . . . . .	11.35	12.68
Telecommunication Services . . . . .	10.04	8.49
Industrials . . . . .	6.74	8.19
Consumer Discretionary . . . . .	6.72	6.10
Consumer Staples . . . . .	5.77	5.50
Materials . . . . .	4.75	5.20
Utilities . . . . .	2.40	2.10
Health Care . . . . .	1.75	1.80
Cash and Cash Equivalents . . . . .	0.17	0.23
Other Assets, Less Liabilities . . . . .	(0.23)	(0.04)
<b>Total</b> . . . . .	<u>100.00</u>	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

# iShares Global Agriculture Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) . . . . .	\$239,178,551	\$254,667,329
Cash and cash equivalents . . . . .	1,724,035	1,046,124
Receivables:		
Dividends . . . . .	627,526	672,740
Investment securities sold . . . . .	—	4,451,927
<b>Total Assets</b> . . . . .	<b>241,530,112</b>	<b>260,838,120</b>
<b>Liabilities</b>		
Payables:		
Management fees . . . . .	143,770	163,143
Service fees . . . . .	16,719	19,186
Independent review committee fees . . . . .	275	2,489
Capital units redeemed . . . . .	—	3,986,080
Distribution . . . . .	1,700,930	960,147
<b>Total Liabilities</b> . . . . .	<b>1,861,694</b>	<b>5,131,045</b>
<b>Net Assets</b> . . . . .	<b>\$239,668,418</b>	<b>\$255,707,075</b>
<b>Net Assets</b>		
Common Units . . . . .	\$215,331,100	\$230,117,241
Advisor Class Units . . . . .	24,337,318	25,589,834
<b>Total</b> . . . . .	<b>\$239,668,418</b>	<b>\$255,707,075</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units . . . . .	9,400,000	11,557,000
Advisor Class Units . . . . .	1,075,000	1,300,000
<b>Net Assets per Unit</b>		
Common Units . . . . .	\$ 22.91	\$ 19.91
Advisor Class Units . . . . .	\$ 22.64	\$ 19.68

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> . . . . .	\$ 4,986,275	\$ 3,905,143
Securities lending income (Note 10) . . . . .	23,809	227,668
Miscellaneous income . . . . .	—	4,362
<b>Total revenue</b> . . . . .	<b>5,010,084</b>	<b>4,137,173</b>
<b>Expenses</b>		
Management fees (Note 9) . . . . .	1,770,275	2,108,004
Service fees (Note 9) . . . . .	206,943	241,323
Independent review committee fees . . . . .	3,174	13,816
Interest and bank charges . . . . .	—	528
<b>Total expenses</b> . . . . .	<b>1,980,392</b>	<b>2,363,671</b>
<b>Net Investment Income</b> . . . . .	<b>3,029,692</b>	<b>1,773,502</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments . . . . .	1,622,080	(7,591,281)
Net realized gain (loss) on foreign exchange transactions . . . . .	(2,232)	76,515
Transaction costs (Notes 2 and 13) . . . . .	(36,298)	(71,593)
Net change in unrealized appreciation/depreciation in value of investments . . . . .	32,025,153	(32,021,545)
Net change in unrealized appreciation/depreciation on foreign exchange transactions . . . . .	(1,741)	15,425
<b>Net realized and unrealized gain (loss) on investments</b> . . . . .	<b>33,606,962</b>	<b>(39,592,479)</b>
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	<b>\$36,636,654</b>	<b>\$(37,818,977)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units . . . . .	\$33,199,817	\$(34,321,385)
Advisor Class Units . . . . .	3,436,837	(3,516,871)
Institutional Class Units . . . . .	—	19,279
<b>Total</b> . . . . .	<b>\$36,636,654</b>	<b>\$(37,818,977)</b>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units . . . . .	\$ 3.19	\$ (2.77)
Advisor Class Units . . . . .	\$ 2.89	\$ (2.56)
Institutional Class Units . . . . .	\$ —	\$ 0.48

<sup>(a)</sup> Net of withholding taxes of \$813,199 and \$756,266, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$255,707,075	\$269,327,999
<b>Increase (Decrease) in Net Assets from Operations</b> .....	36,636,654	(37,818,977)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	2,156,880	78,236,424
Payments for units redeemed .....	(53,113,166)	(53,073,861)
<b>Net capital transactions</b> .....	(50,956,286)	25,162,563
<b>Distributions (Note 7)</b>		
From net investment income .....	(1,719,025)	(964,510)
<b>Total distributions</b> .....	(1,719,025)	(964,510)
<b>Decrease in Net Assets</b> .....	(16,038,657)	(13,620,924)
<b>Net Assets, End of Year</b> .....	\$239,668,418	\$255,707,075
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$230,117,241	\$237,436,084
<b>Increase (Decrease) in Net Assets from Operations</b> .....	33,199,817	(34,321,385)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	2,156,880	76,523,322
Payments for units redeemed .....	(48,423,813)	(48,556,270)
<b>Net capital transactions</b> .....	(46,266,933)	27,967,052
<b>Distributions (Note 7)</b>		
From net investment income .....	(1,719,025)	(964,510)
<b>Total distributions</b> .....	(1,719,025)	(964,510)
<b>Decrease in Net Assets</b> .....	(14,786,141)	(7,318,843)
<b>Net Assets, End of Year</b> .....	\$215,331,100	\$230,117,241
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 25,589,834	\$ 30,991,536
<b>Increase (Decrease) in Net Assets from Operations</b> .....	3,436,837	(3,516,871)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	—	1,713,102
Payments for units redeemed .....	(4,689,353)	(3,597,933)
<b>Net capital transactions</b> .....	(4,689,353)	(1,884,831)
<b>Decrease in Net Assets</b> .....	(1,252,516)	(5,401,702)
<b>Net Assets, End of Year</b> .....	\$ 24,337,318	\$ 25,589,834

	2012	2011
<b>Institutional Class Units:</b>		
<b>Net Assets, Beginning of Year</b> ..	\$ —	\$ 900,379
<b>Increase in Net Assets from Operations</b> .....	—	19,279
<b>Capital Transactions</b>		
Payments for units redeemed .....	—	(919,658)
<b>Net capital transactions</b> .....	—	(919,658)
<b>Decrease in Net Assets</b> .....	—	(900,379)
<b>Net Assets, End of Year</b> .....	\$ —	\$ —

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.80%</b>			
<b>Brazil — 8.68%</b>			
BRF — Brasil Foods SA, ADR .....	696,907	10,396,007	14,641,507
Cosan Ltd., Class 'A' .....	357,339	5,232,834	6,158,940
		15,628,841	20,800,447
<b>Canada — 12.61%</b>			
AG Growth International Inc. ....	38,222	1,343,231	1,192,526
Agrium Inc. ....	101,518	8,917,688	10,064,495
Potash Corp. of Saskatchewan Inc. ....	469,647	21,760,214	18,964,346
		32,021,133	30,221,367
<b>Chile — 5.53%</b>			
Sociedad Quimica y Minera de Chile SA, ADR .....	231,097	11,641,406	13,260,852
		11,641,406	13,260,852
<b>China — 0.32%</b>			
Origin Agritech Ltd. ....	546,487	3,794,919	756,351
		3,794,919	756,351
<b>Japan — 7.83%</b>			
Kubota Corp., ADR .....	330,594	13,064,257	18,768,524
		13,064,257	18,768,524
<b>Mexico — 2.89%</b>			
Industrias Bachoco SAB de CV, ADR .....	249,372	6,080,886	6,917,828
		6,080,886	6,917,828
<b>Netherlands — 2.84%</b>			
CNH Global N.V. ....	169,673	6,087,141	6,805,040
		6,087,141	6,805,040
<b>Switzerland — 8.90%</b>			
Syngenta AG, ADR .....	265,361	15,482,484	21,325,192
		15,482,484	21,325,192
<b>United States — 50.20%</b>			
AGCO Corp. ....	37,938	1,856,698	1,855,124
American Vanguard Corp. ....	77,020	2,173,895	2,382,721
Andersons Inc. (The) .....	27,614	1,078,406	1,179,547
Archer-Daniels-Midland Co. ....	291,518	9,633,937	7,947,441
Bunge Ltd. ....	36,780	2,793,263	2,659,478
CF Industries Holdings Inc. ....	44,672	7,058,413	9,033,425
Compass Minerals International Inc. ....	15,948	1,170,097	1,187,305
Darling International Inc. ....	71,496	1,154,967	1,141,153
Deere & Co. ....	243,649	18,495,406	20,965,605
E.I. du Pont de Nemours & Co. ....	250,122	11,081,673	11,202,110
FMC Corp. ....	25,496	841,127	1,485,102
Fresh Del Monte Produce Inc. ....	48,843	1,286,674	1,280,020

The accompanying notes are an integral part of the financial statements.

## iShares Global Agriculture Index Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)
<b>United States (continued)</b>			
Ingredion Inc. ....	95,969	5,725,081	6,156,695
Lindsay Corp. ....	15,741	954,133	1,255,589
Monsanto Co. ....	239,423	20,597,511	22,563,943
Mosaic Co. (The) ....	215,990	12,645,827	12,178,918
Omega Protein Corp. ....	135,977	1,494,792	827,247
Pilgrim's Pride Corp. ....	182,332	1,342,521	1,314,407
Sanderson Farms Inc. ....	23,858	1,183,791	1,129,332
Scotts Miracle-Gro Co. (The), Class 'A' ....	27,952	1,119,439	1,225,991
Smithfield Foods Inc. ....	53,055	1,016,014	1,138,947
Terra Nitrogen Co. L.P. ....	17,338	3,745,525	3,694,378
Tractor Supply Co. ....	25,081	1,414,178	2,207,127
Tyson Foods Inc., Class 'A' ....	223,194	3,587,130	4,311,345
		<u>113,450,498</u>	<u>120,322,950</u>
<b>Total Equities — 99.80%</b> .....		<u>217,251,565</u>	<u>239,178,551</u>
<b>Transaction costs (Note 2)</b> .....		(54,101)	—
<b>Total Investments — 99.80%</b> .....		<u>217,197,464</u>	<u>239,178,551</u>
<b>Cash and Cash Equivalents — 0.71%</b> .....			1,724,035
<b>Other Assets, Less Liabilities — (0.51)%</b> .....			(1,234,168)
<b>Net Assets — 100.00%</b> .....			<u>239,668,418</u>

As at December 31, 2011, the investments categorized by country/investment type are included in the following table:

Country/Investment Type	Percentage of Net Assets (%)
Brazil .....	9.52
Canada .....	11.02
Chile .....	8.36
Japan .....	7.23
Mexico .....	2.45
Netherlands .....	8.12
Switzerland .....	9.48
United States .....	42.87
Virgin Islands .....	0.54
Cash and Cash Equivalents .....	0.41
<b>Total</b> .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.



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# iShares Global Infrastructure Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$14,284,145	\$23,369,270
Cash and cash equivalents .....	245,480	110,537
Receivables:		
Dividends .....	95,171	83,260
Investment securities sold .....	—	87,665
<b>Total Assets</b> .....	<u>14,624,796</u>	<u>23,650,732</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	8,706	14,477
Service fees .....	920	1,077
Independent review committee fees .....	18	252
Distribution .....	217,196	152,187
<b>Total Liabilities</b> .....	<u>226,840</u>	<u>167,993</u>
<b>Net Assets</b> .....	<u>\$14,397,956</u>	<u>\$23,482,739</u>
<b>Net Assets</b>		
Common Units .....	\$13,042,967	\$21,999,998
Advisor Class Units .....	1,354,989	1,482,741
<b>Total</b> .....	<u>\$14,397,956</u>	<u>\$23,482,739</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	725,000	1,295,000
Advisor Class Units .....	75,000	87,500
<b>Net Assets per Unit</b>		
Common Units .....	\$ 17.99	\$ 16.99
Advisor Class Units .....	\$ 18.07	\$ 16.95

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 666,419	\$ 811,538
Interest income .....	6,508	12,408
Securities lending income (Note 10) ...	5,983	1,516
Miscellaneous income .....	—	19,068
<b>Total revenue</b> .....	<u>678,910</u>	<u>844,530</u>
<b>Expenses</b>		
Management fees (Note 9) .....	143,048	195,067
Service fees (Note 9) .....	12,357	12,079
Independent review committee fees ...	225	1,320
Interest and bank charges .....	—	87
<b>Total expenses</b> .....	<u>155,630</u>	<u>208,553</u>
<b>Net Investment Income</b> .....	<u>523,280</u>	<u>635,977</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments .....	(25,110)	596,403
Net realized gain on foreign exchange transactions .....	56	9,397
Transaction costs (Notes 2 and 13) ...	(6,210)	(10,543)
Net change in unrealized appreciation/ depreciation in value of investments .....	1,312,262	(2,132,173)
Net change in unrealized appreciation/ depreciation on foreign exchange transactions .....	(1,319)	3,969
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>1,279,679</u>	<u>(1,532,947)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$1,802,959</u>	<u>\$ (896,970)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$1,686,774	\$ (835,369)
Advisor Class Units .....	116,185	(61,601)
<b>Total</b> .....	<u>\$1,802,959</u>	<u>\$ (896,970)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.64	\$ (0.58)
Advisor Class Units .....	\$ 1.36	\$ (0.73)

<sup>(a)</sup> Net of withholding taxes of \$95,173 and \$92,303, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . .	\$ 23,482,739	\$26,421,600
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,802,959	(896,970)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	886,600	3,789,722
Reinvestment of distributions . . . . .	—	620,566
Payments for units redeemed . . . . .	(11,257,711)	(5,241,629)
<b>Net capital transactions</b> . . . . .	(10,371,111)	(831,341)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(516,631)	(545,089)
From capital gains . . . . .	—	(664,128)
Return of capital . . . . .	—	(1,333)
<b>Total distributions</b> . . . . .	(516,631)	(1,210,550)
<b>Decrease in Net Assets</b> . . . . .	(9,084,783)	(2,938,861)
<b>Net Assets, End of Year</b> . . . . .	\$ 14,397,956	\$23,482,739
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 21,999,998	\$25,085,122
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,686,774	(835,369)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	886,600	3,560,114
Reinvestment of distributions . . . . .	—	586,765
Payments for units redeemed . . . . .	(11,037,176)	(5,241,629)
<b>Net capital transactions</b> . . . . .	(10,150,576)	(1,094,750)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(493,229)	(530,147)
From capital gains . . . . .	—	(624,858)
<b>Total distributions</b> . . . . .	(493,229)	(1,155,005)
<b>Decrease in Net Assets</b> . . . . .	(8,957,031)	(3,085,124)
<b>Net Assets, End of Year</b> . . . . .	\$ 13,042,967	\$21,999,998
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 1,482,741	\$ 1,336,478
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	116,185	(61,601)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	—	229,608
Reinvestment of distributions . . . . .	—	33,801
Payments for units redeemed . . . . .	(220,535)	—
<b>Net capital transactions</b> . . . . .	(220,535)	263,409
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(23,402)	(14,942)
From capital gains . . . . .	—	(39,270)
Return of capital . . . . .	—	(1,333)
<b>Total distributions</b> . . . . .	(23,402)	(55,545)
<b>Increase (Decrease) in Net Assets</b> . . . . .	(127,752)	146,263
<b>Net Assets, End of Year</b> . . . . .	\$ 1,354,989	\$ 1,482,741

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.21%</b>			
<b>Brazil — 5.29%</b>			
Companhia de Saneamento Basico do Estado de Sao Paulo, ADR . . . . .	2,117	116,438	178,865
Companhia Energetica de Minas Gerais SA, ADR . . . . .	10,926	152,467	120,082
Companhia Paranaense de Energia-Copel, ADR . . . . .	11,331	236,064	174,676
Ultrapar Participações SA, ADR . . . . .	12,991	209,337	288,195
		714,306	761,818
<b>Canada — 21.39%</b>			
Aecon Group Inc. . . . .	14,978	160,762	158,767
ATCO Ltd., Class 'I' . . . . .	2,953	150,139	237,067
Bird Construction Inc. . . . .	6,857	65,522	90,307
Canadian Utilities Ltd., Class 'A' . . . . .	3,786	178,789	271,608
Enbridge Inc. . . . .	10,527	270,816	452,661
Fortis Inc. . . . .	7,108	234,148	242,596
Genivar Inc. . . . .	12,103	303,837	239,034
Gibson Energy Inc. . . . .	3,507	83,600	84,063
Inter Pipeline Fund, Class 'A' . . . . .	10,662	197,231	250,344
Pembina Pipeline Corp. . . . .	7,215	173,548	205,195
SNC-Lavalin Group Inc. . . . .	11,040	467,032	444,912
TransCanada Corp. . . . .	5,067	209,848	237,997
Westshore Terminals Investment Corp. . . . .	5,991	71,654	164,513
		2,566,926	3,079,064
<b>Chile — 2.99%</b>			
Empresa Nacional de Electricidad SA, ADR . . . . .	4,317	222,771	209,565
Enerjis SA, ADR . . . . .	12,062	234,379	220,512
		457,150	430,077
<b>Mexico — 4.90%</b>			
Empresas ICA SAB de CV, ADR . . . . .	44,280	382,430	443,541
Grupo Aeroportuario del Pacifico SA de CV, ADR . . . . .	4,636	260,310	262,439
		642,740	705,980
<b>Netherlands — 5.38%</b>			
Chicago Bridge & Iron Co. NV . . . . .	16,783	411,918	774,213
		411,918	774,213
<b>Switzerland — 1.04%</b>			
Foster Wheeler AG . . . . .	6,177	162,204	149,579
		162,204	149,579
<b>United Kingdom — 3.52%</b>			
National Grid PLC, ADR . . . . .	8,905	451,897	506,607
		451,897	506,607
<b>United States — 54.70%</b>			
Aecom Technology Corp. . . . .	5,449	151,973	129,183
Aegion Corp. . . . .	4,166	87,576	91,963
Ameren Corp. . . . .	11,301	348,845	345,786
Argan Inc. . . . .	4,658	82,150	83,391
Avista Corp. . . . .	3,713	92,827	89,062
Boardwalk Pipeline Partners L.P. . . . .	4,075	120,733	100,909
Dominion Resources Inc. . . . .	2,407	113,130	124,146
Duke Energy Corp. . . . .	6,324	405,540	401,673
El Paso Electric Co. . . . .	6,056	195,629	192,416
Energy Corp. . . . .	1,854	122,239	117,666
Enterprise Products Partners L.P. . . . .	10,962	562,126	546,398
Exelon Corp. . . . .	8,990	433,064	266,123
Fluor Corp. . . . .	9,333	526,937	546,328
Jacobs Engineering Group Inc. . . . .	5,915	256,746	250,719
KBR Inc. . . . .	8,508	213,342	253,465
Kinder Morgan Energy Partners L.P. . . . .	7,297	514,066	579,143
MasTec Inc. . . . .	5,265	112,003	130,640
McDermott International Inc. . . . .	8,008	124,953	87,789
MYR Group Inc. . . . .	3,290	66,598	72,822
NextEra Energy Inc. . . . .	2,329	140,059	160,404

The accompanying notes are an integral part of the financial statements.

## iShares Global Infrastructure Index Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)
<b>United States (continued)</b>			
ONEOK Partners L.P. ....	6,818	388,873	366,521
PG&E Corp. ....	4,307	183,705	172,311
Pinnacle West Capital Corp. ....	3,642	188,784	184,798
Primoris Services Corp. ....	6,309	59,013	94,417
Public Services Enterprise Group Inc. ....	7,008	223,244	213,453
Quanta Services Inc. ....	15,780	343,062	428,627
Ship Finance International Ltd. ....	7,168	114,374	118,620
Southern Co. (The) ....	6,767	269,528	288,382
Spectra Energy Corp. ....	4,394	99,328	119,747
Targa Resources Partners L.P. ....	4,555	189,512	169,398
Tesoro Logistics L.P. ....	2,439	85,497	106,417
Tsakos Energy Navigatoin Ltd. ....	21,839	100,381	81,762
URS Corp. ....	7,824	332,270	305,927
Western Gas Partners LP ....	2,316	81,720	109,791
Williams Cos. Inc. ....	7,333	174,114	238,977
Williams Partners L.P. ....	6,352	376,732	307,633
		<u>7,880,673</u>	<u>7,876,807</u>
<b>Total Equities — 99.21%</b> .....		<u>13,287,814</u>	<u>14,284,145</u>
<b>Transaction costs (Note 2)</b> .....		(2,414)	—
<b>Total Investments — 99.21%</b> .....		<u>13,285,400</u>	<u>14,284,145</u>
<b>Cash and Cash Equivalents — 1.70%</b> .....			245,480
<b>Other Assets, Less Liabilities — (0.91)%</b> .....			(131,669)
<b>Net Assets — 100.00%</b> .....			<u>14,397,956</u>

As at December 31, 2011, the investments categorized by country/investment type are included in the following table:

Country/Investment Type	Percentage of Net Assets (%)
Brazil .....	5.47
Canada .....	17.28
Chile .....	2.08
France .....	3.20
Germany .....	5.35
Hong Kong .....	4.55
Mexico .....	2.38
Netherlands .....	4.15
Singapore .....	4.15
Switzerland .....	1.28
United States .....	49.63
Cash and Cash Equivalents .....	0.47
Other Assets, Less Liabilities .....	0.01
<b>Total</b> .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Global Real Estate Index Fund

## Statements of Net Assets

As at December 31

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$29,191,366	\$14,896,058
Cash and cash equivalents .....	278,529	156,726
Receivables:		
Dividends .....	114,808	90,948
Investment securities sold .....	1,260	3,067,363
<b>Total Assets</b> .....	<u>\$29,585,963</u>	<u>\$18,211,095</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	17,755	10,409
Service fees .....	665	293
Independent review committee fees .....	37	285
Capital units redeemed .....	—	1,599,790
Investment securities purchased .....	—	1,311,938
Distribution .....	196,006	277,693
<b>Total Liabilities</b> .....	<u>214,463</u>	<u>3,200,408</u>
<b>Net Assets</b> .....	<u>\$29,371,500</u>	<u>\$15,010,687</u>
<b>Net Assets</b>		
Common Units .....	\$28,392,773	\$14,612,728
Advisor Class Units .....	978,727	397,959
<b>Total</b> .....	<u>\$29,371,500</u>	<u>\$15,010,687</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,450,000	916,000
Advisor Class Units .....	50,000	25,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 19.58	\$ 15.95
Advisor Class Units .....	\$ 19.57	\$ 15.92

## Statements of Operations

For the years ended December 31

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 758,503	\$ 1,011,571
Securities lending income (Note 10) ...	1,195	2,029
Miscellaneous income .....	—	40,981
<b>Total revenue</b> .....	<u>759,698</u>	<u>1,054,581</u>
<b>Expenses</b>		
Management fees (Note 9) .....	175,507	232,060
Service fees (Note 9) .....	23,991	3,429
Independent review committee fees ...	293	1,531
Interest and bank charges .....	—	147
<b>Total expenses</b> .....	<u>199,791</u>	<u>237,167</u>
<b>Net Investment Income</b> .....	<u>559,907</u>	<u>817,414</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	737,633	159,163
Net realized loss on foreign exchange transactions .....	(3,013)	(50,812)
Transaction costs (Notes 2 and 13) ...	(19,904)	(21,687)
Net change in unrealized appreciation/depreciation in value of investments .....	3,868,515	(2,309,442)
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	5,172	(5,367)
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>4,588,403</u>	<u>(2,228,145)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$5,148,310</u>	<u>\$(1,410,731)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$4,644,827	\$(1,394,012)
Advisor Class Units .....	503,483	(16,719)
<b>Total</b> .....	<u>\$5,148,310</u>	<u>\$(1,410,731)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 3.95	\$ (0.75)
Advisor Class Units .....	\$ 3.12	\$ (0.67)

<sup>(a)</sup> Net of withholding taxes of \$75,409 and \$111,267, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . .	\$15,010,687	\$ 30,333,525
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	5,148,310	(1,410,731)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	17,011,378	5,155,298
Payments for units redeemed . . . . .	(7,235,629)	(18,200,550)
<b>Net capital transactions</b> . . . . .	9,775,749	(13,045,252)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(560,699)	(866,089)
Return of capital . . . . .	(2,577)	(766)
<b>Total distributions</b> . . . . .	(563,246)	(866,855)
<b>Increase (Decrease) in Net Assets</b> . . . . .	14,360,813	(15,322,838)
<b>Net Assets, End of Year</b> . . . . .	\$29,371,500	\$ 15,010,687
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$14,612,728	\$ 29,908,497
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	4,644,827	(1,394,012)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	9,655,183	5,155,298
Payments for units redeemed . . . . .	—	(18,200,550)
<b>Net capital transactions</b> . . . . .	9,655,183	(13,045,252)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(517,388)	(856,505)
Return of capital . . . . .	(2,577)	—
<b>Total distributions</b> . . . . .	(519,965)	(856,505)
<b>Increase (Decrease) in Net Assets</b> . . . . .	13,780,045	(15,295,769)
<b>Net Assets, End of Year</b> . . . . .	\$28,392,773	\$ 14,612,728
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 397,959	\$ 425,028
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	503,483	(16,719)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	7,356,195	—
Payments for units redeemed . . . . .	(7,235,629)	—
<b>Net capital transactions</b> . . . . .	120,566	—
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(43,281)	(9,584)
Return of capital . . . . .	—	(766)
<b>Total distributions</b> . . . . .	(43,281)	(10,350)
<b>Increase (Decrease) in Net Assets</b> . . . . .	580,768	(27,069)
<b>Net Assets, End of Year</b> . . . . .	\$ 978,727	\$ 397,959

## Statement of Investments

As at December 31, 2012

Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Equities — 99.39%</b>			
<b>Australia — 9.19%</b>			
CFS Retail Property Trust Group . . . . .	108,148	201,199	214,090
Dexus Property Group . . . . .	222,845	207,821	232,667
Goodman Group . . . . .	69,631	271,191	310,954
GPT Group . . . . .	75,018	235,960	284,604
Mirvac Group . . . . .	157,278	213,706	240,624
Stockland Corp. Ltd. . . . .	102,184	348,804	372,878
Westfield Group . . . . .	95,669	997,419	1,043,358
		2,476,100	2,699,175
<b>Brazil — 0.93%</b>			
BR Malls Participações SA . . . . .	20,888	214,265	273,551
		214,265	273,551
<b>Canada — 2.91%</b>			
Boardwalk REIT . . . . .	1,808	86,003	116,272
Brookfield Office Properties Inc. . . . .	11,599	190,414	196,112
Dundee REIT . . . . .	4,610	155,454	172,506
RioCan REIT . . . . .	13,409	325,552	368,748
		757,423	853,638
<b>France — 4.78%</b>			
Gecina . . . . .	1,212	130,918	134,494
Icade . . . . .	1,048	94,059	91,904
Klépierre . . . . .	4,503	154,389	176,202
Unibail-Rodamco SE . . . . .	4,201	762,094	1,001,667
		1,141,460	1,404,267
<b>Germany — 0.42%</b>			
Deutsche Wohnen AG, Bearer . . . . .	6,737	113,952	123,510
		113,952	123,510
<b>Hong Kong — 14.09%</b>			
China Overseas Land & Investment Ltd. . . . .	176,000	373,789	522,281
China Resources Land Ltd. . . . .	86,000	170,188	231,452
Hang Lung Properties Ltd. . . . .	89,000	305,619	351,572
Henderson Land Development Co. Ltd. . . . .	44,000	257,426	308,903
Hong Kong Land Holdings Ltd. . . . .	54,172	277,261	375,625
Link REIT (The) . . . . .	105,500	366,969	525,174
Sino Land Co. Ltd. . . . .	134,000	200,149	238,587
Sun Hung Kai Properties Ltd. . . . .	70,000	940,890	1,044,921
Wharf (Holdings) Ltd. (The) . . . . .	70,000	367,129	541,344
		3,259,420	4,139,859
<b>Japan — 10.99%</b>			
Mitsubishi Estate Co. Ltd. . . . .	54,000	951,796	1,266,804
Mitsui Fudosan Co. Ltd. . . . .	40,000	745,768	956,701
Nippon Building Fund Inc. . . . .	28	275,745	285,773
Sumitomo Realty & Development Co. Ltd. . . . .	22,000	478,517	717,457
		2,451,826	3,226,735
<b>Netherlands — 0.90%</b>			
Corio NV . . . . .	4,431	243,060	198,933
Eurocommercial Properties NV . . . . .	1,643	62,777	64,743
		305,837	263,676
<b>Singapore — 4.06%</b>			
Ascendas REIT . . . . .	85,000	133,262	164,211
Capitaland Ltd. . . . .	117,544	286,094	354,517
CapitaMall Trust . . . . .	114,000	154,125	197,934
City Developments Ltd. . . . .	20,728	164,229	217,118
Global Logistic Properties Ltd. . . . .	114,000	183,682	258,336
		921,392	1,192,116
<b>Sweden — 0.38%</b>			
Castellum AB . . . . .	7,932	90,256	112,056
		90,256	112,056

The accompanying notes are an integral part of the financial statements.

## iShares Global Real Estate Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Switzerland — 0.57%</b>			
PSP Swiss Property AG, Registered	1,775	135,140	167,112
		<u>135,140</u>	<u>167,112</u>
<b>United Kingdom — 5.98%</b>			
British Land Co. PLC	40,921	356,710	370,480
Capital Shopping Centres Group PLC	27,907	202,092	157,534
Derwent London PLC	3,948	99,264	133,998
Great Portland Estates PLC	15,819	91,520	124,726
Hammerson PLC	32,821	242,974	258,356
Land Securities Group PLC	35,904	463,219	470,654
SEGRO PLC	34,202	177,572	135,937
Shaftesbury PLC	11,599	94,766	105,012
		<u>1,728,117</u>	<u>1,756,697</u>
<b>United States — 44.19%</b>			
Alexandria Real Estate Equities Inc.	2,892	216,403	198,949
American Campus Communities Inc.	4,743	207,984	217,209
Avalonbay Communities Inc.	5,126	627,513	690,243
Boston Properties Inc.	6,937	668,855	729,159
Camden Property Trust	3,849	220,494	260,922
Corporate Office Properties Trust	3,673	102,567	91,073
Digital Realty Trust Inc.	5,615	351,113	378,352
Douglas Emmett Inc.	5,990	125,465	138,646
Equity Residential	14,724	772,237	828,463
Essex Property Trust Inc.	1,677	224,571	244,392
Federal Realty Investment Trust	2,952	263,934	305,040
General Growth Properties Inc.	20,721	344,728	408,803
HCP Inc.	20,774	814,443	931,962
Health Care REIT Inc.	11,714	631,528	713,212
Host Hotels & Resorts Inc.	33,254	479,164	517,651
Kimco Realty Corp.	18,733	371,913	359,533
Liberty Property Trust	5,415	186,456	192,416
Macerich Co. (The)	6,128	313,490	354,722
Prologis Inc.	21,197	695,136	768,373
Public Storage	6,630	779,030	954,807
Regency Centers Corp.	4,143	195,602	193,683
Simon Property Group Inc.	7,243	891,633	1,137,488
SL Green Realty Corp.	4,145	291,955	315,617
Tanger Factory Outlet Centers Inc.	4,327	139,208	146,921
UDR Inc.	11,521	278,133	272,161
Ventas Inc.	13,590	746,841	873,470
Vornado Realty Trust	7,781	642,209	618,913
Weingarten Realty Investors	5,142	131,963	136,794
		<u>11,714,568</u>	<u>12,978,974</u>
<b>Total Equities — 99.39%</b>		<u>25,309,756</u>	<u>29,191,366</u>
<b>Transaction costs (Note 2)</b>		<u>(21,142)</u>	<u>—</u>
<b>Total Investments — 99.39%</b>		<u>25,288,614</u>	<u>29,191,366</u>
<b>Cash and Cash Equivalents — 0.95%</b>			<u>278,529</u>
<b>Other Assets, Less Liabilities — (0.34)%</b>			<u>(98,395)</u>
<b>Net Assets — 100.00%</b>			<u>29,371,500</u>

As at December 31, 2011, the investments categorized by country/investment type are included in the following table:

Country/Investment Type	Percentage of Net Assets (%)
Australia	9.21
Brazil	0.82
Canada	2.86
France	5.09
Hong Kong	12.77
Japan	8.43
Netherlands	1.03
Singapore	3.31
Sweden	0.43
Switzerland	0.58
United Kingdom	5.37
United States	49.34
Cash and Cash Equivalents	1.04
Other Assets, Less Liabilities	(0.28)
<b>Total</b>	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.



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# iShares International Fundamental Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$140,285,821	\$119,461,834
Cash and cash equivalents .....	1,486,907	687,247
Receivables:		
Dividends .....	315,569	346,927
Investment securities sold .....	114,391	1,670,237
<b>Total Assets</b> .....	<u>142,202,688</u>	<u>122,166,245</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	86,180	74,984
Service fees .....	6,669	7,929
Independent review committee fees .....	155	1,153
Investment securities purchased .....	—	465,760
Distribution .....	1,256,604	1,633,428
<b>Total Liabilities</b> .....	<u>1,349,608</u>	<u>2,183,254</u>
<b>Net Assets</b> .....	<u>\$140,853,080</u>	<u>\$119,982,991</u>
<b>Net Assets</b>		
Common Units .....	\$131,257,822	\$109,285,263
Advisor Class Units .....	9,595,258	10,467,185
Institutional Class Units .....	—	230,543
<b>Total</b> .....	<u>\$140,853,080</u>	<u>\$119,982,991</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	10,300,000	9,351,672
Advisor Class Units .....	750,000	895,000
Institutional Class Units .....	—	19,342
<b>Net Assets per Unit</b>		
Common Units .....	\$ 12.74	\$ 11.69
Advisor Class Units .....	\$ 12.79	\$ 11.70
Institutional Class Units .....	\$ —	\$ 11.92

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 4,622,912	\$ 5,227,693
Interest income .....	120	646
Securities lending income (Note 10) ..	101,206	43,435
Miscellaneous income .....	—	360
<b>Total revenue</b> .....	<u>4,724,238</u>	<u>5,272,134</u>
<b>Expenses</b>		
Management fees (Note 9) .....	945,019	952,561
Service fees (Note 9) .....	82,047	96,561
Independent review committee fees ..	1,512	6,282
<b>Total expenses</b> .....	<u>1,028,578</u>	<u>1,055,404</u>
<b>Net Investment Income</b> .....	<u>3,695,660</u>	<u>4,216,730</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	494,781	1,949,988
Net realized loss on foreign exchange transactions .....	(22,637)	(172,856)
Transaction costs (Notes 2 and 13) ..	(47,060)	(63,968)
Net change in unrealized appreciation/depreciation in value of investments .....	10,632,852	(25,204,215)
Net change in unrealized appreciation/depreciation on foreign exchange transactions ...	4,362	(6,244)
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>11,062,298</u>	<u>(23,497,295)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$14,757,958</u>	<u>\$(19,280,565)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$13,709,384	\$(17,910,250)
Advisor Class Units .....	1,032,205	(1,672,669)
Institutional Class Units .....	16,369	302,354
<b>Total</b> .....	<u>\$14,757,958</u>	<u>\$(19,280,565)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.35	\$ (1.97)
Advisor Class Units .....	\$ 1.25	\$ (1.90)
Institutional Class Units .....	\$ 0.85	\$ 2.10

<sup>(a)</sup> Net of withholding taxes of \$517,891 and \$691,559, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . .	\$119,982,991	\$128,540,811
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	14,757,958	(19,280,565)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	15,217,750	21,764,822
Reinvestment of distributions . . . . .	—	33,824
Payments for units redeemed . . . . .	(5,393,204)	(7,204,363)
<b>Net capital transactions</b> . . . . .	9,824,546	14,594,283
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(3,712,319)	(3,871,538)
Return of capital . . . . .	(96)	—
<b>Total distributions</b> . . . . .	(3,712,415)	(3,871,538)
<b>Increase (Decrease) in Net Assets</b> . . . . .	20,870,089	(8,557,820)
<b>Net Assets, End of Year</b> . . . . .	\$140,853,080	\$119,982,991

### Common Units:

<b>Net Assets, Beginning of Year</b> . . . . .	\$109,285,263	\$110,879,934
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	13,709,384	(17,910,250)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	15,217,750	21,466,170
Payments for units redeemed . . . . .	(3,413,184)	(1,510,505)
<b>Net capital transactions</b> . . . . .	11,804,566	19,955,665
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(3,541,299)	(3,640,086)
Return of capital . . . . .	(92)	—
<b>Total distributions</b> . . . . .	(3,541,391)	(3,640,086)
<b>Increase (Decrease) in Net Assets</b> . . . . .	21,972,559	(1,594,671)
<b>Net Assets, End of Year</b> . . . . .	\$131,257,822	\$109,285,263

### Advisor Class Units:

<b>Net Assets, Beginning of Year</b> . . . . .	\$ 10,467,185	\$ 12,028,195
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,032,205	(1,672,669)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	—	298,652
Payments for units redeemed . . . . .	(1,738,679)	—
<b>Net capital transactions</b> . . . . .	(1,738,679)	298,652
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(165,449)	(186,993)
Return of capital . . . . .	(4)	—
<b>Total distributions</b> . . . . .	(165,453)	(186,993)
<b>Decrease in Net Assets</b> . . . . .	(871,927)	(1,561,010)
<b>Net Assets, End of Year</b> . . . . .	\$ 9,595,258	\$ 10,467,185

	2012	2011
<b>Institutional Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 230,543	\$ 5,632,682
<b>Increase in Net Assets from Operations</b> . . . . .	16,369	302,354
<b>Capital Transactions</b>		
Reinvestment of distributions . . . . .	—	33,824
Payments for units redeemed . . . . .	(241,341)	(5,693,858)
<b>Net capital transactions</b> . . . . .	(241,341)	(5,660,034)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(5,571)	(44,459)
<b>Total distributions</b> . . . . .	(5,571)	(44,459)
<b>Decrease in Net Assets</b> . . . . .	(230,543)	(5,402,139)
<b>Net Assets, End of Year</b> . . . . .	\$ —	\$ 230,543

## Statement of Investments

As at December 31, 2012

Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Equities — 99.59%</b>			
<b>Australia — 5.25%</b>			
AGL Energy Ltd. . . . .	3,288	48,690	52,207
Amcor Ltd. . . . .	9,884	61,084	82,455
AMP Ltd. . . . .	25,748	125,381	128,026
Arrium Ltd. . . . .	41,781	80,607	39,087
Asciano Ltd. . . . .	8,167	39,726	39,342
Australia and New Zealand Banking Group Ltd. . . . .	21,285	425,582	550,297
Australian Stock Exchange Ltd. . . . .	819	27,944	26,415
Bendigo and Adelaide Bank Ltd. . . . .	3,705	32,274	32,555
BHP Billiton Ltd. . . . .	17,686	665,430	678,286
Bluescope Steel Ltd. . . . .	26,134	154,771	93,204
Boral Ltd. . . . .	8,604	39,845	38,690
Brambles Ltd. . . . .	8,731	52,643	67,782
Caltex Australia Ltd. . . . .	2,670	33,437	52,966
CFS Gandel Retail Trust . . . . .	14,007	26,235	27,728
Coca-Cola Amatil Ltd. . . . .	3,249	38,738	45,173
Commonwealth Bank of Australia . . . . .	11,414	519,480	733,666
Computershare Ltd. . . . .	2,744	24,472	25,387
Crown Ltd. . . . .	3,199	28,940	35,186
CSL Ltd. . . . .	1,759	57,250	97,918
CSR Ltd. . . . .	13,798	38,058	27,956
Dexus Property Group . . . . .	42,254	35,105	44,116
Downer EDI Ltd. . . . .	6,651	27,279	27,570
Goodman Fielder Ltd. . . . .	38,872	37,311	24,914
Goodman Group . . . . .	9,681	31,820	43,233
GPT Group . . . . .	15,898	46,628	60,314
Incitec Pivot Ltd. . . . .	11,861	40,783	39,481
Insurance Australia Group Ltd. . . . .	22,544	81,943	109,298
Leighton Holdings Ltd. . . . .	1,323	40,772	24,426
Lend Lease Corp. Ltd. . . . .	7,519	55,366	71,897
Macquarie Group Ltd. . . . .	5,438	212,786	199,224
Metcash Ltd. . . . .	11,497	47,994	39,458
Mirvac Group . . . . .	36,796	48,469	56,295
National Australia Bank Ltd. . . . .	23,860	586,014	616,377
Newcrest Mining Ltd. . . . .	1,149	36,829	26,345
Orica Ltd. . . . .	2,255	56,840	58,417
Origin Energy Ltd. . . . .	6,139	92,017	73,742
OZ Minerals Ltd. . . . .	2,423	24,877	16,782
Qantas Airways Ltd. . . . .	27,349	64,484	42,125
QBE Insurance Group Ltd. . . . .	16,165	269,027	182,143
Rio Tinto Ltd. . . . .	2,840	175,042	193,793

The accompanying notes are an integral part of the financial statements.

## iShares International Fundamental Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Australia (continued)</b>				<b>Canada (continued)</b>			
Santos Ltd.	4,852	64,717	55,674	CI Financial Corp.	1,722	35,385	42,826
Shopping Centres Australasia Property Group	1,976	2,888	3,064	Crescent Point Energy Corp.	1,065	48,170	39,938
Sims Metal Management Ltd.	2,538	44,013	24,268	Emera Inc.	900	27,742	31,194
Sonic Healthcare Ltd.	2,739	29,508	37,743	Empire Co. Ltd., Class 'A'	600	32,848	35,250
Stockland Corp. Ltd.	26,475	93,499	96,610	Enbridge Inc.	3,686	103,089	158,498
Suncorp-Metway Ltd.	20,811	170,143	218,788	EnCana Corp.	16,502	442,473	323,439
Sydney Airport	12,017	27,572	41,988	Enerplus Corp.	2,800	65,928	36,008
Tabcorp Holdings Ltd.	25,079	109,838	78,812	Fairfax Financial Holdings Ltd.	195	78,190	69,326
Tatts Group Ltd.	17,082	38,740	53,151	Fining International Inc.	1,191	27,813	29,251
Telstra Corp. Ltd.	52,688	161,744	238,014	First Quantum Minerals Ltd.	1,414	32,507	30,952
Toll Holdings Ltd.	7,357	46,075	34,680	Fortis Inc.	1,500	47,080	51,195
Transurban Group	6,201	30,814	39,038	George Weston Ltd.	1,050	78,660	74,140
Wesfarmers Ltd.	7,883	231,230	300,288	Goldcorp Inc.	2,558	111,951	93,000
Wesfarmers Ltd., Partially Protected Shares	1,234	40,077	48,487	Great-West Lifeco Inc.	3,273	82,200	79,567
Westfield Group	21,404	223,277	233,430	H&R REIT	1,102	22,048	26,558
Westpac Banking Corp. Ltd.	24,134	511,302	649,401	Husky Energy Inc.	3,200	82,879	94,048
Woodside Petroleum Ltd.	2,976	125,306	104,228	IGM Financial Inc.	1,000	42,244	41,590
Woolworths Ltd.	9,529	240,405	288,816	Imperial Oil Ltd.	1,667	68,823	71,231
WorleyParsons Ltd.	1,144	27,233	27,625	Industrial Alliance Insurance and Financial Services Inc.	1,182	42,925	37,032
		6,750,354	7,398,381	Intact Financial Corp.	758	34,609	49,035
<b>Austria — 0.49%</b>				Kinross Gold Corp.	6,713	87,846	64,646
Erste Group Bank AG	6,903	243,556	217,573	Loblaw Cos. Ltd.	1,675	67,442	70,116
Immofinanz Immobilien Anlagen AG	17,280	64,099	71,931	Magna International Inc., Class 'A'	2,766	118,529	137,138
OMV AG	3,307	127,521	118,754	Manulife Financial Corp.	28,888	407,471	389,410
Raiffeisen International Bank-Holding AG	1,201	51,195	49,631	Methanex Corp.	800	23,390	25,280
Telekom Austria AG	7,461	101,834	55,974	Metro Inc., Class 'A'	989	46,396	62,554
Vienna Insurance Group	598	30,078	31,703	National Bank of Canada	1,201	82,118	92,657
Voestalpine AG	3,467	130,517	125,751	Nexen Inc.	5,171	107,474	137,393
Wienerberger AG	2,824	42,748	25,794	Onex Corp.	2,200	65,436	92,070
		791,548	697,111	Pembina Pipeline Corp.	1,097	30,832	31,199
<b>Belgium — 0.94%</b>				Pengrowth Energy Corp.	6,000	60,030	29,520
Ageas NV	9,260	303,709	269,678	Penn West Petroleum Ltd.	5,948	120,307	64,060
Anheuser-Busch InBev NV	3,660	205,268	315,229	Potash Corp. of Saskatchewan Inc.	2,000	101,347	80,760
Bekaert SA	835	46,310	71,931	Power Corp. of Canada	7,723	208,750	195,469
Belgacom SA	2,885	107,481	83,887	Power Financial Corp.	3,800	111,560	103,360
Colruyt NV	639	31,493	31,452	Precision Drilling Corp.	3,300	39,436	27,060
Delhaize Group	2,785	205,884	110,574	Quebecor Inc., Class 'B'	669	23,351	25,850
Dexia SA	102,428	259,505	9,412	Research In Motion Ltd.	11,100	235,115	130,758
D'leteren SA	532	26,780	26,780	RioCan REIT	1,303	27,627	35,832
Groupe Bruxelles Lambert SA	887	72,635	69,852	Rogers Communications Inc., Class 'B'	1,100	42,070	49,654
KBC Groep NV	5,300	217,956	181,138	Royal Bank of Canada	10,501	585,870	628,275
Solvay SA	496	52,723	71,199	Saputo Inc.	726	26,146	36,445
UCB SA	1,389	50,068	78,807	Shaw Communications Inc., Class 'B'	2,875	61,990	65,579
Umicore	1,152	42,654	63,046	Sherritt International Corp.	4,792	32,690	27,362
		1,622,466	1,329,251	Shoppers Drug Mart Corp.	1,700	65,044	72,607
<b>Canada — 6.31%</b>				Sino-Forest Corp., Class 'A'	1,200	27,942	—
Agnico-Eagle Mines Ltd.	700	23,536	36,414	SNC-Lavalin Group Inc.	1,000	48,948	40,300
Agrium Inc.	748	60,661	74,157	Sun Life Financial Inc.	10,159	271,342	267,588
Alimentation Couche-Tard Inc., Class 'B'	1,423	34,706	69,371	Suncor Energy Inc.	8,694	304,542	284,381
ARC Resources Ltd.	2,100	50,210	51,051	Superior Plus Corp.	3,400	34,679	34,714
ATCO Ltd., Class 'I'	535	28,626	42,950	Talisman Energy Inc.	9,936	159,002	111,581
Bank of Montreal	5,411	325,859	329,043	Teck Resources Ltd., Class 'B'	3,959	159,983	142,722
Bank of Nova Scotia	7,790	425,791	447,302	TELUS Corp.	554	25,080	36,032
Barrick Gold Corp.	3,937	185,356	136,653	TELUS Corp., Non-Voting	389	17,328	25,126
Baytex Energy Corp.	496	25,918	21,264	Thomson Reuters Corp.	3,971	144,960	114,285
BCE Inc.	2,562	89,551	109,141	Tim Hortons Inc.	500	26,492	24,395
Bombardier Inc., Class 'A'	500	2,602	1,910	Toronto-Dominion Bank (The)	5,696	440,140	476,470
Bombardier Inc., Class 'B'	16,600	81,123	62,416	TransAlta Corp.	2,600	55,221	39,234
Bonavista Energy Corp.	1,405	28,066	20,752	TransCanada Corp.	5,067	197,466	237,997
Brookfield Asset Management Inc., Class 'A'	5,676	167,112	206,379	Valeant Pharmaceuticals International Inc.	1,000	40,946	59,240
Brookfield Office Properties Inc.	3,000	48,778	50,640	Vermilion Energy Inc.	540	26,071	27,983
Cameco Corp.	1,900	49,604	37,145	Yamana Gold Inc.	2,500	28,839	42,625
Canadian Imperial Bank of Commerce	3,210	242,733	256,704			8,985,370	8,889,727
Canadian National Railway Co.	2,092	144,721	188,970	<b>Cyprus — 0.02%</b>			
Canadian Natural Resources Ltd.	5,978	212,329	171,150	Bank of Cyprus Public Co. Ltd.	74,425	49,962	24,718
Canadian Oil Sands Ltd.	5,526	120,851	111,404	Marfin Popular Bank Public Co. Ltd.	63,596	25,240	3,590
Canadian Pacific Railway Ltd.	939	61,182	94,689			75,202	28,308
Canadian Tire Corp. Ltd., Class 'A'	921	54,294	63,890	<b>Denmark — 0.63%</b>			
Canadian Utilities Ltd., Class 'A'	545	27,030	39,098	A.P. Moller — Maersk AS, Class 'A'	10	80,702	70,449
Celestica Inc.	3,757	32,089	30,319	A.P. Moller — Maersk AS, Class 'B'	25	195,002	187,383
Cenovus Energy Inc.	4,465	144,420	148,640	Carlsberg AS, Series 'B'	1,109	95,245	108,002
CGI Group Inc., Class 'A'	1,500	23,410	34,410	Danske Bank AS	14,349	356,115	241,357

The accompanying notes are an integral part of the financial statements.

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Denmark (continued)</b>				<b>France (continued)</b>			
DSV AS	1,363	31,343	34,917	Pinault-Printemps Redoute SA	957	131,695	176,382
FLSmidth & Co. AS	361	29,935	20,783	PSA Peugeot Citroën SA	16,853	421,740	121,015
Jyske Bank AS, Registered	878	35,546	24,269	Publicis Groupe	975	46,470	57,839
Novo Nordisk AS, Series 'B'	1,012	94,142	163,012	Rallye SA	742	27,352	24,639
Vestas Wind Systems AS	6,165	126,359	34,559	Renault SA	5,513	235,582	294,405
		1,044,389	884,731	Rexel SA	1,080	18,222	21,784
				Safran SA	1,634	45,207	69,713
<b>Finland — 1.01%</b>				Sanofi SA	14,398	1,031,252	1,346,297
Elisa OYJ	1,859	39,949	40,754	Schneider Electric SA	4,680	294,834	336,545
Fortum OYJ	4,767	128,053	88,485	SCOR SA	2,879	71,904	77,099
Kesko OYJ, Series 'B'	1,426	60,449	46,256	Société Générale	21,926	1,149,877	815,708
Kone OYJ, Class 'B'	722	37,028	52,887	Société Télévision Française 1	2,773	41,196	31,976
Metso OYJ	1,604	60,849	67,443	Sodexo Alliance SA	1,083	71,856	90,519
Neste Oil OYJ	3,939	56,591	50,493	Suez Environnement SA	7,607	136,248	90,622
Nokia OYJ	117,662	1,168,282	451,946	Technicolor, Registered	12,138	34,384	30,274
Nokian Renkaat OYJ	714	28,769	28,166	Technip SA	701	51,923	79,820
Outokumpu OYJ, Series 'A'	24,077	91,144	25,064	Thales SA	1,187	43,377	40,654
Pohjola Bank PLC, Series 'A'	2,326	27,122	34,229	TOTAL SA	37,197	2,196,252	1,904,356
Rautaruukki OYJ Group PLC, Series 'K'	3,485	58,015	27,198	Unibail-Rodamco SE	691	137,871	165,046
Sampo OYJ, Series 'A'	6,274	154,811	200,384	Valeo SA	1,261	55,481	62,266
Stora Enso OYJ, Series 'R'	11,284	91,608	77,619	Vallourec SA	1,625	144,327	84,240
UPM-Kymmene Corp. OYJ	10,425	136,474	120,430	Veolia Environnement SA	26,121	618,475	313,924
Wärtsilä OYJ, Series 'B'	1,879	63,538	80,486	Vinci SA	7,625	419,270	359,194
YIT OYJ	1,595	36,914	30,884	Vivendi SA	28,926	740,806	643,436
		2,239,596	1,422,724	Wendel Investissement	357	25,358	36,325
				Zodiac Aerospace	259	18,247	28,264
						19,407,637	15,968,655
<b>France — 11.34%</b>				<b>Germany — 9.10%</b>			
Accor SA	3,169	156,160	110,865	Adidas AG	1,328	79,144	117,272
Air France-KLM	15,348	147,836	140,934	Allianz AG, Registered	9,244	1,266,949	1,269,309
Air Liquide SA	2,036	219,584	253,908	Aurubis AG	828	39,206	58,512
Alcatel-Lucent, Series 'A'	43,895	155,774	57,795	BASF SE	9,180	591,024	858,986
Alstom SA	3,911	223,490	154,587	Bayer AG, Registered	7,017	509,115	662,302
ANF Immobilier	13	588	411	Bayerische Motoren Werke (BMW) AG	3,307	203,902	317,255
Arkema	533	29,241	55,422	Beiersdorf AG	446	25,790	36,142
Atos Origin SA	485	23,311	33,559	Biffinger SE	460	33,118	43,991
AXA SA	61,663	1,383,416	1,079,832	Brenntag AG	477	55,256	61,972
BNP Paribas SA	22,519	1,534,937	1,256,359	Celesio AG	8,317	169,227	142,152
Bouygues SA	7,250	316,543	212,426	Commerzbank AG	70,215	277,346	132,269
Cap Gemini	2,132	101,773	91,953	Continental AG	818	69,157	93,916
Carrefour SA	21,258	801,991	539,563	Daimler AG, Registered	16,065	944,651	872,558
Christian Dior SA	643	82,365	108,212	Deutsche Bank AG, Registered	17,837	1,151,025	771,999
CNP Assurances	3,201	57,746	48,513	Deutsche Boerse AG	1,607	90,803	97,177
Compagnie de Saint-Gobain SA	9,556	507,503	403,116	Deutsche Lufthansa AG, Registered	8,244	124,982	154,432
Compagnie Générale de Géophysique-Veritas SA	1,781	44,979	52,815	Deutsche Post AG, Registered	19,057	346,796	414,402
Compagnie Générale des Établissements Michelin, Registered, Series 'B'	1,972	158,956	185,325	Deutsche Telekom AG, Registered	82,186	1,137,151	928,593
Crédit Agricole SA	46,982	552,082	375,106	E.ON SE	46,131	1,641,141	852,651
Danone	3,981	253,750	260,202	Frenet AG	1,761	19,011	32,387
EDF Group	5,807	202,791	106,379	Fresenius Medical Care AG	1,162	71,401	79,717
Eiffage SA	2,203	103,006	97,039	Fresenius SE	1,087	93,085	124,500
Eramet	162	34,086	23,425	GEA Group AG	1,300	33,309	41,759
Essilor International SA	812	55,595	81,011	Hannover Rueckversicherungs AG, Registered	1,045	52,632	80,703
Établissements Économiques du Casino Guichard Perrachon SA	875	82,229	82,794	HeidelbergCement AG	3,114	210,489	186,733
Eurazeo	611	33,757	28,847	Henkel AG & Co. KGaA	836	39,761	56,661
Eutelsat Communications	696	25,150	22,915	Henkel AG & Co. KGaA, Preferred	1,139	65,155	92,792
Faurecia	1,122	27,333	17,174	Hochtief AG	1,232	85,861	70,716
Foncière des Régions	413	38,351	34,319	Infineon Technologies AG	4,843	35,888	39,080
France Télécom SA	59,094	1,282,663	645,420	K+S AG, Registered	1,386	78,572	63,353
GDF Suez	33,031	1,149,687	674,694	Lanxess	736	43,448	64,047
Groupe Eurotunnel SA, Registered	3,020	28,485	23,140	Linde AG	890	124,534	154,103
Icade	290	26,149	25,476	MAN SE	676	66,881	71,569
Imerys SA	411	23,456	25,903	Merck KGaA	419	35,677	54,794
Klépierre	881	32,161	34,534	METRO AG	5,024	269,641	138,235
Lafarge SA	5,022	375,061	317,463	Munchener Rueckversicherungs-Gesellschaft AG, Registered	3,821	610,215	682,168
Lagardère SCA, Registered	3,079	114,401	101,674	Porsche AG, Preferred	951	68,683	76,802
Legrand SA	2,023	74,999	84,529	ProsiebenSat.1 Media AG, Preferred	977	24,592	27,254
L'Oréal SA	1,526	161,182	209,938	RWE AG, Class 'A'	14,940	970,150	612,195
LVMH Moët Hennessy-Louis Vuitton SA	1,581	186,014	287,966	Salzgitter AG	1,063	72,467	55,113
Métropole Télévision SA	1,635	36,878	25,208	SAP AG	2,802	145,350	223,529
Natixis	17,870	98,606	59,702	Siemens AG, Registered	8,305	845,078	895,400
Neopost SA	442	35,284	23,151	Symrise AG, Bearer	835	23,302	29,667
Nexans SA	724	51,747	31,839	Thyssen Krupp AG	9,683	302,658	226,450
PagesJaunes Groupe SA	7,019	42,162	17,138				
Pernod-Ricard SA	1,431	125,173	163,732				

The accompanying notes are an integral part of the financial statements.

## iShares International Fundamental Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Germany (continued)</b>				<b>Israel (continued)</b>			
TUI AG, Registered	13,756	132,284	141,574	Israel Chemicals Ltd.	4,396	56,187	52,345
Volkswagen AG	392	45,994	83,904	Teva Pharmaceutical Industries Ltd.	4,727	258,494	174,966
Volkswagen AG, Preferred	2,238	245,147	506,933			593,490	442,148
Wincor Nixdorf AG	437	30,790	20,356				
		13,597,838	12,818,393				
<b>Greece — 0.33%</b>				<b>Italy — 4.38%</b>			
Alpha Bank AE	47,387	159,204	89,577	A2A SPA	43,414	52,004	24,922
Bank of Piraeus	52,412	89,453	23,255	Assicurazioni Generali SPA	35,290	874,573	636,060
Coca-Cola Hellenic Bottling Co. SA	1,827	41,791	40,532	Atlantia SPA	5,480	110,784	98,339
EFG Eurobank Ergasias SA	25,359	95,729	21,339	Banca Monte dei Paschi di Siena SPA	186,431	154,302	55,187
Hellenic Telecommunications Organization SA (OTE)	12,090	89,560	80,148	Banca Popolare dell'Emilia Romagna SCRL	7,196	80,198	49,358
National Bank of Greece SA	47,656	376,990	80,702	Banca Popolare di Milano SCRL	85,683	117,108	50,840
OPAP SA	10,212	150,286	72,390	Banca Popolare di Sondrio SCRL	3,635	31,159	20,900
Public Power Corp.	7,676	65,651	58,948	Banco Popolare Scarl	72,188	254,333	119,118
		1,068,664	466,891	Buzzi Unicem SPA	2,087	20,960	28,876
				Enel Green Power SPA	16,814	30,416	31,012
				Enel SPA	205,556	1,184,275	846,757
				ENI SPA	52,538	1,285,431	1,264,878
				EXOR SPA	1,208	23,844	23,292
				EXOR SPA, Preferred	1,703	41,214	42,409
				Fiat Industrial SPA	10,742	123,944	116,336
				Fiat SPA	40,247	418,377	200,239
				Finmeccanica SPA	24,304	227,411	138,785
				Fondiaria-Sai SPA	9,817	129,620	12,230
				Intesa Sanpaolo	332,595	1,046,666	567,590
				Italcementi SPA	3,987	34,288	22,192
				Italcementi SPA, RNC	3,850	18,929	10,613
				Luxottica Group SPA	671	19,212	27,368
				Mediaset SPA	33,480	151,700	68,343
				Mediobanca SPA	8,746	73,327	53,502
				Prysmian SPA	2,328	45,794	45,841
				Saipem SPA	1,687	68,935	64,887
				Snam SPA	13,084	64,779	60,356
				Telecom Italia SPA	467,149	746,022	418,843
				Telecom Italia SPA, RNC	212,907	241,694	166,995
				Terna SPA	14,653	60,758	58,130
				UBI Banca — Unione di Banche Italiane SCPA	28,245	259,776	129,922
				UniCredit SPA	144,313	1,753,784	701,701
				Unipol Gruppo Finanziario SPA	2,616	46,016	5,216
				Unipol Gruppo Finanziario SPA, Preferred	3,769	39,508	6,595
					9,831,141	6,170,632	
				<b>Japan — 16.55%</b>			
				Aeon Co. Ltd.	13,400	158,804	151,995
				Aisin Seiki Co. Ltd.	2,200	68,889	67,466
				Ajinomoto Co. Inc.	6,000	62,497	78,974
				Alfresa Holdings Corp.	1,200	48,991	46,569
				All Nippon Airways Co. Ltd.	9,000	31,127	18,759
				Amada Co. Ltd.	3,000	21,239	19,174
				Asahi Glass Co. Ltd.	12,000	123,462	86,229
				Asahi Group Holdings Ltd.	3,400	64,573	71,924
				Asahi Kasei Corp.	14,000	79,275	81,738
				Astellas Pharma Inc.	3,100	115,431	138,153
				Bank of Kyoto Ltd. (The)	3,000	25,277	25,081
				Bank of Yokohama Ltd. (The)	12,000	58,533	55,137
				Benesse Holdings Inc.	600	24,294	24,770
				Bridgestone Corp.	6,300	116,110	161,130
				Brother Industries Ltd.	3,100	40,584	32,771
				Canon Inc.	11,000	512,990	423,085
				Casio Computer Co. Ltd.	3,600	26,195	31,217
				Central Japan Railway Co.	2,000	154,434	160,758
				Chiba Bank Ltd. (The)	7,000	42,667	40,627
				Chubu Electric Power Co. Inc.	11,200	246,355	147,548
				Chugai Pharmaceutical Co. Ltd.	1,600	28,933	30,420
				Chugoku Bank Ltd. (The)	2,000	21,465	27,591
				Chugoku Electric Power Co. Inc. (The)	4,700	91,757	73,121
				Cosmo Oil Co. Ltd.	30,000	79,477	65,985
				Credit Saison Co. Ltd.	2,700	41,091	66,662
				Dai Nippon Printing Co. Ltd.	10,000	120,482	77,500
				Daicel Corp.	4,000	21,902	25,979
				Daihatsu Motor Co. Ltd.	2,000	27,816	39,383
				Dai-ichi Life Insurance Co. (The)	136	214,111	187,779
				Daiichi Sankyo Co. Ltd.	5,800	113,601	88,231
				Daikin Industries Ltd.	2,000	67,350	67,758
				Daito Trust Construction Co. Ltd.	700	46,475	65,536
<b>Ireland — 0.49%</b>							
Bank of Ireland	717,063	456,795	105,427				
CRH PLC	10,797	239,281	217,914				
DCC PLC	1,603	47,983	52,061				
Experian PLC	4,115	46,687	65,236				
Kerry Group PLC, Class 'A'	746	26,924	38,932				
Smurfit Kappa Group PLC	4,169	43,496	48,631				
WPP PLC	11,499	128,570	165,175				
		989,736	693,376				
<b>Israel — 0.31%</b>							
Bank Hapoalim Ltd.	16,397	73,411	69,706				
Bank Leumi Le Israel	25,224	87,371	84,950				
Bezeq Israel Telecommunication Corp. Ltd.	41,113	87,101	46,849				
Cellcom Israel Ltd.	1,646	30,926	13,332				

The accompanying notes are an integral part of the financial statements.

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Japan (continued)</b>				<b>Japan (continued)</b>			
Daiwa House Industry Co. Ltd. ....	6,000	70,806	101,983	Mitsubishi Electric Corp. ....	18,000	170,115	151,108
Daiwa Securities Group Inc. ....	21,000	91,270	114,385	Mitsubishi Estate Co. Ltd. ....	6,000	98,908	141,504
Denki Kagaku Kogyo K.K. ....	7,000	29,751	23,538	Mitsubishi Gas Chemical Co. Inc. ....	5,000	32,635	30,113
DENSO Corp. ....	4,400	139,341	150,588	Mitsubishi Heavy Industries Ltd. ....	42,000	177,294	200,234
Dentsu Inc. ....	1,500	41,429	39,815	Mitsubishi Materials Corp. ....	18,000	54,203	60,319
DIC Corp. ....	17,000	32,542	31,127	Mitsubishi Motors Corp. ....	60,000	76,697	61,494
Dowa Holdings Co. Ltd. ....	4,000	22,825	25,519	Mitsubishi UFJ Financial Group Inc. ....	172,900	855,673	915,885
East Japan Railway Co. ....	3,800	243,354	243,740	Mitsui & Co. Ltd. ....	16,500	277,688	243,590
EDION Corp. ....	3,900	28,338	17,066	Mitsui Chemicals Inc. ....	18,000	52,516	46,224
Eisai Co. Ltd. ....	1,800	66,089	74,621	Mitsui Engineering & Shipbuilding Co. Ltd. ....	15,000	31,122	22,801
Electric Power Development Co. Ltd. ....	3,000	91,717	70,718	Mitsui Fudosan Co. Ltd. ....	7,000	123,052	168,313
FamilyMart Co. Ltd. ....	600	23,743	24,528	Mitsui Mining & Smelting Co. Ltd. ....	10,000	30,874	24,298
Fanuc Corp. ....	500	65,202	91,607	Mitsui O.S.K. Lines Ltd. ....	23,000	143,423	67,010
Fast Retailing Co. Ltd. ....	200	38,930	50,300	Mizuho Financial Group Inc. ....	287,100	500,838	515,758
Fuji Electric Co. Ltd. ....	11,000	29,788	26,728	MS & AD Insurance Group Holdings Inc. ....	8,600	200,187	168,458
Fuji Film Holdings Corp. ....	6,300	198,376	124,929	Murata Manufacturing Co. Ltd. ....	1,600	95,752	92,494
Fuji Heavy Industries Ltd. ....	8,000	49,413	98,942	Nagoya Railroad Ltd. ....	9,000	25,525	23,837
Fujikura Ltd. ....	10,000	44,476	30,747	Namco Bandai Holdings Inc. ....	1,900	19,947	24,440
Fujitsu Ltd. ....	35,000	217,162	144,694	NEC Corp. ....	96,000	258,037	198,990
Fukuoka Financial Group Inc. ....	12,000	49,300	47,398	NGK Insulators Ltd. ....	2,000	33,550	23,377
Furukawa Electric Co. Ltd. (The) ....	13,000	45,589	28,743	Nidec Corp. ....	500	45,376	28,789
Gunma Bank Ltd. (The) ....	5,000	25,715	24,183	Nikon Corp. ....	1,800	35,992	52,339
Hachijuni Bank Ltd. (The) ....	5,000	27,623	24,759	Nintendo Co. Ltd. ....	1,400	295,004	147,032
Hakuhodo DY Holdings Inc. ....	530	26,576	33,934	Nippon Electric Glass Co. Ltd. ....	5,000	54,030	28,041
Hankyu Hanshin Holdings Inc. ....	16,000	74,703	81,991	Nippon Express Co. Ltd. ....	18,000	76,194	73,378
HANWA Co. Ltd. ....	8,000	35,093	30,862	Nippon Meat Packers Inc. ....	3,000	39,181	41,249
Haseko Corp. ....	33,000	25,214	25,841	Nippon Paper Group Inc. ....	2,800	67,706	38,306
Hitachi Ltd. ....	63,000	284,784	365,645	Nippon Sheet Glass Co. Ltd. ....	27,000	55,203	34,823
Hokkaido Electric Power Co. Inc. ....	3,500	62,614	42,078	Nippon Steel & Sumitomo Metal Corp. ....	88,000	307,055	212,809
Hokukohu Financial Group Inc. ....	16,000	29,563	23,216	Nippon Telegraph & Telephone Corp. ....	9,400	403,161	392,396
Hokuriku Electric Power Co. ....	2,600	58,829	30,569	Nippon Yusen K.K. ....	36,000	138,002	82,913
Honda Motor Co. Ltd. ....	15,200	550,220	550,494	Nissan Motor Co. Ltd. ....	31,500	283,722	294,184
Hoya Corp. ....	3,500	85,324	68,075	Nisshin Seifun Group Inc. ....	2,000	25,634	24,805
Ibiden Co. Ltd. ....	1,300	35,109	20,435	Nisshin Steel Holdings Co. Ltd. ....	1,700	18,105	15,466
Idemitsu Kosan Co. Ltd. ....	700	64,687	60,135	Nissin Foods Holdings Co. Ltd. ....	700	25,600	26,319
IHI Corp. ....	18,000	37,498	45,809	Nitto Denko Corp. ....	1,100	46,098	53,329
Impex Corp. ....	24	170,080	126,304	NKSJ Holdings Inc. ....	7,600	179,650	160,160
Isetan Mitsukoshi Holdings Ltd. ....	4,600	45,954	44,549	Nok Corp. ....	1,400	25,209	21,571
Isuzu Motors Ltd. ....	10,000	39,706	58,845	Nomura Holdings Inc. ....	41,100	250,339	238,066
ITOCHU Corp. ....	14,700	139,554	153,368	Nomura Research Institute Ltd. ....	1,300	26,339	26,812
J. Front Retailing Co. Ltd. ....	8,000	32,210	43,852	NSK Ltd. ....	5,000	37,289	35,008
Japan Tobacco Inc. ....	5,200	99,365	146,110	NTN Corp. ....	7,000	31,754	18,621
JFE Holdings Inc. ....	10,000	311,692	184,481	NTT Data Corp. ....	14	46,779	43,303
JGC Corp. ....	1,000	18,885	30,804	NTT DoCoMo Inc. ....	200	326,983	285,588
Joyo Bank Ltd. (The) ....	6,000	26,911	28,259	Obayashi Corp. ....	11,000	45,896	61,309
JSR Corp. ....	1,400	24,835	26,392	Odakyu Electric Railway Co. Ltd. ....	3,000	28,012	31,023
JTEKT Corp. ....	5,500	69,597	51,492	Oji Holdings Corp. ....	14,000	63,230	47,721
JX Holdings Inc. ....	63,300	395,754	351,349	Olympus Corp. ....	2,700	63,188	51,769
Kajima Corp. ....	17,000	43,514	55,598	Omron Corp. ....	2,300	55,071	54,349
Kansai Electric Power Co. Inc. ....	14,400	283,763	149,906	Ono Pharmaceutical Co. Ltd. ....	700	32,666	35,428
Kao Corp. ....	4,800	123,240	124,314	Oriental Land Co. Ltd. ....	200	20,494	24,091
Kawasaki Heavy Industries Ltd. ....	17,000	49,958	45,418	Orix Corp. ....	1,340	119,285	149,372
Kawasaki Kisen Kaisha Ltd. ....	24,000	75,229	36,205	Osaka Gas Co. Ltd. ....	21,000	75,930	75,692
KDDI Corp. ....	4,600	254,091	322,069	Otsuka Holdings Co. Ltd. ....	3,300	80,605	92,344
Keio Corp. ....	4,000	25,597	29,572	Panasonic Corp. ....	49,975	655,189	299,832
Keyence Corp. ....	210	47,366	57,628	Resona Holdings Inc. ....	18,500	98,532	83,298
Kinden Corp. ....	3,000	25,887	19,312	Ricoh Co. Ltd. ....	13,000	170,515	135,631
Kintetsu Corp. ....	15,000	46,268	60,975	Rohm Co. Ltd. ....	1,500	102,146	48,072
Kirin Holdings Co. Ltd. ....	10,000	139,086	116,538	Sankyo Co. Ltd. ....	500	26,129	19,692
Kobe Steel Ltd. ....	56,000	115,633	70,291	SBI Holdings Inc. ....	3,420	40,602	29,931
Komatsu Ltd. ....	5,800	137,092	145,737	SECOM Co. Ltd. ....	1,400	62,428	69,808
Konica Minolta Holdings Inc. ....	7,000	65,329	49,655	Sega Sammy Holdings Inc. ....	1,900	32,822	31,835
Kubota Corp. ....	5,000	46,770	56,715	Seiko Epson Corp. ....	3,600	54,216	28,812
Kuraray Co. Ltd. ....	3,200	41,734	41,419	Seino Holdings Co. Ltd. ....	4,000	27,070	25,150
Kyocera Corp. ....	1,700	169,711	152,110	Sekisui Chemical Co. Ltd. ....	5,000	32,976	43,069
Kyushu Electric Power Co. Inc. ....	9,200	178,162	104,037	Sekisui House Ltd. ....	8,000	72,443	86,690
Lawson Inc. ....	600	27,489	40,558	Seven & I Holdings Co. Ltd. ....	9,000	229,981	252,573
Lixil Group Corp. ....	2,800	58,811	61,811	Sharp Corp. ....	23,000	226,085	80,253
Makita Corp. ....	800	27,018	36,528	Shikoku Electric Power Co. Inc. ....	1,900	54,895	29,975
Marubeni Corp. ....	21,000	137,930	147,999	Shimizu Corp. ....	13,000	51,292	48,354
Marui Group Co. Ltd. ....	3,700	28,858	29,229	Shin-Etsu Chemicals Co. Ltd. ....	2,700	153,794	162,612
Mazda Motor Corp. ....	55,000	136,618	109,571	Shinsei Bank Ltd. ....	34,000	29,547	66,952
Medipal Holdings Corp. ....	5,400	59,697	59,262	Shionogi & Co. ....	2,300	37,635	38,060
Meiji Holdings Co. Ltd. ....	1,200	50,026	51,682	Shiseido Co. Ltd. ....	2,800	57,272	39,208
Mitsubishi Chemical Holdings Corp. ....	21,500	118,995	105,224	Shizuoka Bank Ltd. (The) ....	4,000	35,865	38,739
Mitsubishi Corp. ....	14,500	368,988	274,677	Showa Denko K.K. ....	18,000	35,345	26,947

The accompanying notes are an integral part of the financial statements.

## iShares International Fundamental Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Japan (continued)</b>				<b>Korea (continued)</b>			
Showa Shell Sekiyu K.K.	4,600	35,474	25,797	Hyosung Corp.	836	68,647	57,226
SMC Corp.	200	30,478	35,768	Hyundai Department Store Co. Ltd.	171	18,556	25,208
Softbank Corp.	5,600	177,493	202,169	Hyundai Development Co.	1,180	30,203	23,760
Sojitz Corp.	68,100	126,208	98,811	Hyundai Engineering & Construction Co. Ltd.	470	29,750	30,555
Sony Corp.	20,400	607,878	224,818	Hyundai Heavy Industries Co. Ltd.	499	131,455	112,312
Sumitomo Chemical Co. Ltd.	20,000	94,969	61,724	Hyundai Marine & Fire Insurance Co. Ltd.	870	24,581	26,864
Sumitomo Corp.	13,300	167,254	168,321	Hyundai Mipo Dockyard Co. Ltd.	233	33,291	27,521
Sumitomo Electric Industries Ltd.	8,600	112,560	97,747	Hyundai Mobis	317	73,548	84,763
Sumitomo Forestry Co.	3,000	22,433	28,121	Hyundai Motor Co. Ltd.	1,712	236,755	347,910
Sumitomo Heavy Industries Ltd.	6,000	36,620	28,121	Hyundai Steel Co.	370	36,901	30,111
Sumitomo Metal Mining Co. Ltd.	6,000	86,792	83,327	Industrial Bank of Korea	2,670	34,169	29,302
Sumitomo Mitsui Financial Group Inc.	17,200	548,586	615,004	Kangwon Land Inc.	1,110	25,284	30,197
Sumitomo Mitsui Trust Holdings Inc.	18,860	66,864	65,155	KB Financial Group Inc.	4,051	186,050	142,755
Sumitomo Realty & Development Co. Ltd.	4,000	84,872	131,140	Kia Motors Corp.	1,515	52,350	79,611
Suzuken Co. Ltd.	1,100	34,401	30,756	Korea Electric Power Corp.	6,620	184,562	187,173
Suzuki Motor Corp.	5,400	119,029	139,418	Korea Exchange Bank	6,310	61,909	44,602
T&D Holdings Inc.	6,900	79,671	82,557	Korea Gas Corp.	820	29,668	57,275
Taiheiyō Cement Corp.	16,000	22,839	43,299	Korea Life Insurance Co. Ltd.	4,120	27,327	29,735
Taisei Corp.	20,000	43,829	65,869	Korea Zinc Co. Ltd.	63	21,773	23,701
Taiyo Nippon Sanso Corp.	4,000	29,981	22,755	Korean Air Co. Ltd.	629	36,172	26,501
Takashimaya Co. Ltd.	5,000	38,823	35,180	KT Corp.	3,560	134,691	117,541
Takeda Pharmaceutical Co. Ltd.	5,900	265,647	261,918	KT&G Corp.	607	34,567	45,559
TDK Corp.	1,200	72,176	42,907	Kumho Petro Chemical Co. Ltd.	179	12,710	21,643
Teijin Ltd.	14,000	49,034	34,178	LG Chem Ltd.	236	61,820	72,433
Terumo Corp.	700	36,827	27,448	LG Corp.	2,504	164,761	151,842
Tobu Railway Co.	9,000	46,139	47,157	LG Display Co. Ltd.	4,470	153,668	129,086
Toho Gas Co. Ltd.	5,000	27,148	26,601	LG Electronics Inc.	2,655	259,812	181,741
Toho Holdings Co. Ltd.	1,600	27,161	27,803	LG International Corp.	667	21,847	29,994
Tohoku Electric Power Co. Inc.	10,900	180,219	100,793	LG Uplus Corp.	4,490	25,662	32,531
Tokio Marine Holdings Inc.	6,100	172,591	167,044	Lotte Shopping Co. Ltd.	101	37,558	35,273
Tokyo Electric Power Co. Inc. (The)	128,200	674,542	302,643	LS Cable Ltd.	685	64,832	60,014
Tokyo Electron Ltd.	900	48,622	40,731	POSCO	1,094	498,834	354,594
Tokyo Gas Co. Ltd.	24,000	105,383	108,892	Samsung C&T Corp.	1,469	81,094	85,528
Tokyu Corp.	13,000	55,643	72,456	Samsung Electro-Mechanics Co. Ltd.	354	33,284	32,661
Tokyu Land Corp.	6,000	25,523	43,184	Samsung Electronics Co. Ltd.	928	749,567	1,312,770
TonenGeneral Sekiyu K.K.	6,000	57,357	51,475	Samsung Fire & Marine Insurance	421	78,922	85,163
Toppan Printing Co. Ltd.	11,000	93,093	67,263	Samsung Heavy Industries Co. Ltd.	1,760	48,230	63,021
Toray Industries Inc.	11,000	65,737	66,630	Samsung Life Insurance Co. Ltd.	637	57,283	55,868
Toshiba Corp.	53,000	263,029	205,071	Samsung SDI Co. Ltd.	290	40,669	40,727
Tosoh Corp.	11,000	31,877	25,968	Samsung Securities Co. Ltd.	537	34,021	26,670
Toyo Seikan Kaisha Ltd.	3,000	51,929	39,764	Shinhan Financial Group Co. Ltd.	5,793	239,269	208,779
Toyobo Co. Ltd.	18,000	26,033	25,496	Shinsegae Co. Ltd.	246	99,057	49,992
Toyota Industries Corp.	1,700	47,533	53,385	SK C&C Co. Ltd.	968	103,915	92,281
Toyota Motor Corp.	28,700	1,157,935	1,321,996	SK Corp.	1,724	177,417	286,211
Toyota Tsusho Corp.	4,300	72,592	104,679	SK Energy Co. Ltd.	848	108,913	137,232
Ube Industries Ltd.	11,000	26,584	26,094	SK Hynix Inc.	2,950	75,876	70,650
UNY Group Holdings Co. Ltd.	4,100	35,095	30,123	SK Telecom Co. Ltd.	775	111,398	109,922
West Japan Railway Co.	2,200	78,742	86,137	S-Oil Corp.	916	58,370	88,601
Yakult Honsha Co. Ltd.	900	23,001	39,073	STX Corp.	3,460	60,831	26,999
Yamada Denki Co. Ltd.	1,440	93,191	55,054	STX Shipbuilding Co. Ltd.	1,900	30,019	12,900
Yamaguchi Financial Group Inc.	3,000	25,774	26,187	Woori Finance Holdings Co. Ltd.	7,680	91,478	83,929
Yamaha Corp.	2,800	31,208	29,245			5,766,038	6,154,150
Yamaha Motor Co. Ltd.	3,900	57,110	42,531				
Yamato Transport Co. Ltd.	4,000	58,748	60,204				
Yokohama Rubber Co. Ltd. (The)	4,000	20,915	28,513				
		25,837,372	23,307,282				
<b>Korea — 4.37%</b>				<b>Luxembourg — 0.47%</b>			
Cheil Industries Inc.	346	32,470	30,314	APERAM	2,297	70,226	34,375
CJ Corp.	350	25,369	38,574	ArcelorMittal SA	29,012	884,836	491,296
Daelim Industrial Co. Ltd.	404	28,827	32,652	SES SA	2,516	61,184	71,490
Daewoo Shipbuilding & Marine Engineering Co. Ltd.	760	22,340	19,191	Tenaris SA	3,418	66,271	69,861
DC Chemical Co. Ltd.	121	26,471	18,625			1,082,517	667,022
Dongbu Insurance Co. Ltd.	910	35,995	38,213	<b>Netherlands — 2.74%</b>			
Dongkuk Steel Mill Co. Ltd.	1,480	33,137	18,858	AEGON NV	64,080	463,250	403,354
Doosan Corp.	542	65,154	65,028	Akzo Nobel NV	3,138	186,873	204,299
Doosan Heavy Industries and Construction Co. Ltd.	523	32,674	21,962	ASML Holding NV	937	25,282	58,955
GS Engineering & Construction Corp.	398	33,275	21,210	Corio NV	930	56,894	41,826
GS Holdings Corp.	1,208	61,455	80,893	CSM NV	1,482	38,945	31,575
Hana Financial Group Inc.	3,080	96,122	99,258	Delta Lloyd N.V.	3,809	91,466	61,652
Hankook Tire Co. Ltd.	569	24,384	24,873	European Aeronautic Defence and Space Co.	2,947	70,260	113,737
Hankook Tire Worldwide Co. Ltd.	130	21,266	2,394	Fugro NV, CVA	552	43,514	32,137
Hanwha Corp.	3,213	117,047	102,050	Heineken Holding NV	1,416	61,646	76,844
Honam Petrochemical Corp.	91	16,726	20,778	Heineken NV	1,997	101,633	131,889
				ING Groep NV	94,981	957,847	879,275
				Koninklijke Ahold NV	14,815	202,508	197,107
				Koninklijke BAM Groep NV	7,864	45,164	33,189
				Koninklijke Boskalis Westminster NV, CVA	786	35,025	35,081

The accompanying notes are an integral part of the financial statements.



Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Netherlands (continued)</b>				<b>Spain (continued)</b>			
Koninklijke DSM NV	2,107	111,639	126,361	Banco Popular Español SA	61,941	224,732	47,405
Koninklijke KPN NV	30,853	457,295	150,423	Banco Santander SA	210,862	2,172,084	1,660,830
Koninklijke Philips Electronics NV	15,503	432,843	404,176	Bankinter SA	6,211	42,175	25,275
Nutreco NV	441	29,819	37,108	CaixaBank SA	16,462	81,028	54,674
PostNL NV	20,669	236,939	79,119	Corporacion Mapfre SA	14,848	46,541	44,869
Randstad Holding NV	1,568	67,753	56,924	Distribuidora Internacional de			
Reed Elsevier NV	3,888	47,255	56,908	Alimentacion SA	9,841	44,191	62,022
Royal Intech NV	883	30,132	20,157	Enagas SA	1,630	32,738	34,193
SBM Offshore NV	2,102	41,042	28,973	Endesa SA, Registered	2,664	67,580	57,702
SNS REAAL	20,327	79,210	27,378	Ferrovial SA	6,847	82,109	100,489
TNT Express NV	4,085	55,406	45,206	Fomento de Construcciones y Contratas SA	2,006	54,368	24,358
Unilever NV	11,152	343,158	421,107	Gamesa Corporacion Tecnológica SA	11,289	58,199	24,482
USG People NV	2,276	32,239	17,983	Gas Natural SDG SA	5,747	94,962	101,470
Wolters Kluwer NV	4,027	82,862	81,780	Iberdrola SA	64,613	518,677	349,456
		4,427,899	3,854,523	Indra Sistemas SA	2,815	46,527	36,953
				Industria de Diseño Textil SA	947	76,138	130,531
<b>New Zealand — 0.09%</b>				<b>Sweden — 2.16%</b>			
Fletcher Building Ltd.	7,658	48,894	52,590	AB SKF, Series 'B'	2,944	61,855	73,492
Telecom Corp. of New Zealand Ltd.	42,565	64,605	79,021	Alfa Laval AB	1,574	27,841	32,595
		113,499	131,611	Assa Abloy AB, Series 'B'	1,784	45,492	66,324
				Atlas Copco AB, Series 'A'	2,578	48,799	70,353
<b>Norway — 0.92%</b>				<b>Switzerland — 5.14%</b>			
Aker Solutions ASA	2,426	35,420	48,960	ABB Ltd., Registered	13,515	283,252	275,650
DNB ASA	13,489	164,461	169,660	Adecco SA, Registered	1,936	102,801	101,170
Frontline Ltd.	6,831	81,889	22,610	Aryzta AG, Registered	478	21,700	24,360
Gjensidige Forsikring ASA	2,359	27,331	33,490	Baloise Holding AG, Registered	933	80,428	79,467
Marine Harvest	61,977	35,230	56,718	Clariant AG, Registered	3,543	50,958	47,558
Norsk Hydro ASA	16,219	98,538	80,467	Compagnie Financière Richemont SA	1,886	85,536	146,378
Orkla ASA	14,101	114,536	122,107	Credit Suisse Group AG, Registered	21,302	878,100	515,807
Petroleum Geo-Services ASA	1,997	30,892	34,014	GAM Holding Ltd.	2,435	34,596	32,580
SeaDrill Ltd.	1,745	64,217	63,471	Geberit AG, Registered	179	32,501	39,196
Statoil ASA	16,818	432,489	418,247	Givaudan SA, Registered	52	51,153	54,472
Storebrand ASA, Series 'A'	8,612	51,313	41,294	Helvetia Patria Holding, Registered	97	33,404	36,561
Telenor ASA	6,919	104,899	138,645	Holcim AG, Registered	3,064	224,676	222,642
Yara International ASA	1,470	69,901	71,879	Informa PLC	4,953	31,734	35,986
		1,311,116	1,301,562	Julius Baer Group Ltd.	1,158	46,064	40,712
				Kuehne & Nagel International			
<b>Papua New Guinea — 0.02%</b>				<b>AG, Registered</b>			
Oil Search Ltd.	3,520	24,104	25,508	Lindt & Spruengli AG	332	39,449	39,726
		24,104	25,508		2	5,629	6,461
<b>Portugal — 0.34%</b>				<b>2,832,997</b>			
Banco Comercial Portugues SA	489,054	138,321	48,150	<b>3,038,300</b>			
Banco Espirito Santo SA, Registered	37,137	51,337	43,486				
Energias de Portugal SA	57,719	193,199	172,830				
Galp Energia, SGPS, SA, Class 'B'	1,964	33,054	30,294				
Portugal Telecom SGPS SA, Registered	36,697	280,207	179,783				
		696,118	474,543				
<b>Singapore — 0.87%</b>							
Capitaland Ltd.	26,000	74,757	78,417				
City Developments Ltd.	3,920	34,222	41,060				
ComfortDelGro Corp. Ltd.	24,000	27,834	34,725				
DBS Group Holdings Ltd.	13,881	145,743	167,689				
Fraser and Neave Ltd.	10,000	39,531	78,906				
Golden Agri-Resources Ltd.	61,000	27,699	32,072				
Jardine Cycle & Carriage Ltd.	1,000	28,940	39,208				
Keppel Corp. Ltd.	7,900	52,491	70,772				
Oversea-Chinese Banking Corp. Ltd.	17,000	119,376	134,833				
SembCorp Industries Ltd.	6,000	21,011	25,677				
Singapore Airlines Ltd.	10,000	105,929	87,547				
Singapore Press Holdings Ltd.	13,000	41,252	42,599				
Singapore Technologies Engineering Ltd.	11,000	27,946	34,163				
Singapore Telecommunications Ltd.	66,132	156,046	177,894				
United Overseas Bank Ltd.	9,000	130,896	145,332				
Wilmar International Ltd.	15,000	65,611	40,717				
		1,099,284	1,231,611				
<b>Spain — 4.08%</b>							
Abertis Infraestructuras SA	4,051	66,896	65,942				
Acciona SA	562	49,536	41,462				
Acerinox SA	3,565	59,697	38,890				
ACS Actividades de Construcción y							
Servicios SA	4,991	170,525	121,209				
Amadeus IT Holding SA, Class 'A'	1,599	30,444	39,788				
Banco Bilbao Vizcaya Argentaria SA	95,610	1,229,664	866,397				
Banco de Sabadell SA	40,416	168,397	104,254				

The accompanying notes are an integral part of the financial statements.

# iShares International Fundamental Index Fund (continued)

Security	Shares/Units	Average cost (\$)	Fair value (\$)	Security	Shares/Units	Average cost (\$)	Fair value (\$)
<b>Switzerland (continued)</b>				<b>United Kingdom (continued)</b>			
Lonza Group AG, Registered	657	44,725	35,262	Hiscox Ltd.	4,791	28,871	35,228
Nestlé SA, Registered, Series 'B'	19,817	1,069,668	1,284,770	Home Retail Group	50,767	127,562	104,023
Novartis AG, Registered	15,545	862,700	971,454	HSBC Holdings PLC	233,071	2,326,843	2,439,909
Petroplus Holdings AG	3,407	46,610	—	ICAP PLC	7,521	52,710	37,358
Roche Holding AG Genusscheine	3,743	596,147	749,168	IMI PLC	2,093	31,923	37,127
Schindler Holding AG	108	11,638	15,496	Imperial Tobacco Group PLC	6,582	212,171	252,690
Schindler Holding AG, Registered	161	17,236	22,627	Inchcape PLC	8,451	41,676	58,925
SGS SA, Registered	27	45,318	59,504	Inmarsat PLC	3,771	32,271	35,644
STMicroelectronics NV	11,676	93,829	82,017	InterContinental Hotels Group PLC	1,063	21,116	29,351
Sulzer AG, Registered	225	33,039	35,269	Intermediate Capital Group PLC	5,538	26,816	28,315
Swatch Group AG, Registered	154	9,920	13,175	International Consolidated Airlines Group SA	20,227	70,253	60,466
Swatch Group Ltd. (The), Bearer	105	39,489	52,665	Invensys PLC	7,586	34,098	39,891
Swiss Life Holding AG, Registered	944	124,087	124,559	Investec PLC	7,073	55,244	48,493
Swiss Re Ltd.	5,180	303,012	371,327	ITV PLC	25,284	25,210	43,009
Swisscom AG, Registered	209	84,484	89,529	J Sainsbury PLC	41,386	215,124	231,094
Syngenta AG, Registered	433	121,461	172,672	John Wood Group PLC	2,429	28,600	28,542
Transocean Ltd.	4,573	322,409	200,668	Johnson Matthey PLC	1,886	53,603	72,497
UBS AG, Registered	33,797	544,269	524,618	Kazakhmys PLC	2,029	42,438	25,533
Wolseley PLC	3,346	106,882	156,996	Kingfisher PLC	29,261	105,477	134,500
Zurich Insurance Group AG	2,211	562,144	585,157	Ladbroke PLC	12,177	28,527	39,062
		7,041,048	7,245,659	Lancashire Holdings Ltd.	1,942	23,176	24,359
<b>United Kingdom — 19.30%</b>				Land Securities Group PLC	10,548	117,144	138,796
3i Group PLC	11,766	50,107	41,343	Legal & General Group PLC	98,782	147,894	232,625
Admiral Group PLC	1,477	27,960	27,706	Lloyds Banking Group PLC	857,602	683,459	665,009
Aggreko PLC	664	24,090	18,689	Lonmin PLC	2,035	47,376	9,357
Aleant PLC	2,516	13,129	12,571	Man Group PLC	50,241	153,201	67,248
Amec PLC	1,972	30,902	31,981	Marks & Spencer Group PLC	26,355	145,464	163,031
Amlin PLC	7,784	49,719	47,736	Meggitt PLC	5,175	27,923	32,012
Anglo American PLC	10,305	366,156	315,812	Mitchells & Butlers PLC	9,602	45,787	50,461
Antofagasta PLC	2,340	45,108	50,106	Mondi PLC	5,395	45,185	58,416
Associated British Foods PLC	3,406	58,379	86,163	National Express Group PLC	9,224	35,780	30,455
AstraZeneca PLC	15,204	710,028	715,842	National Grid PLC	39,450	409,329	448,548
Aviva PLC	88,094	688,512	531,685	Next PLC	1,309	47,655	78,559
Babcock International Group PLC	2,231	26,635	34,845	Old Mutual PLC	74,877	154,329	215,838
BAE Systems PLC	50,233	277,052	273,827	Pearson PLC	6,894	99,193	132,446
Balfour Beatty PLC	13,587	61,171	60,167	Pennon Group PLC	3,014	29,540	30,464
Barclays PLC	235,774	1,126,953	1,001,135	Persimmon PLC	4,203	28,869	54,387
Barratt Developments PLC	21,300	36,305	71,534	Premier Foods PLC	16,291	44,521	29,729
BG Group PLC	14,879	297,222	243,708	Provident Financial PLC	1,515	23,593	33,274
BHP Billiton PLC	10,732	332,143	369,804	Prudential PLC	27,581	292,987	386,137
BP PLC	336,113	2,915,260	2,310,650	Reckitt Benckiser Group PLC	3,773	204,321	236,815
British American Tobacco PLC	10,653	389,432	538,036	Reed Elsevier PLC	6,263	56,066	65,027
British Land Co. PLC	9,515	73,641	86,472	Rentokil Initial PLC	27,727	43,673	42,947
British Sky Broadcasting Group PLC	7,716	84,264	95,724	Rexam PLC	10,898	52,872	76,886
BT Group PLC	124,540	391,750	465,625	Rio Tinto PLC, Registered	8,595	428,874	488,419
Bunzl PLC	2,961	36,663	48,307	Rolls-Royce Holdings PLC	9,806	76,512	138,555
Burberry Group PLC	1,196	21,659	23,713	Rolls-Royce Holdings PLC, 'C'			
Cable & Wireless Communications PLC	99,268	79,788	56,779	Shares Entitlement	772,312	1,228	125
Capita PLC	3,341	41,110	40,799	Royal Bank of Scotland Group PLC	46,364	302,275	243,432
Capital Shopping Centres Group PLC	6,246	36,955	35,392	Royal Dutch Shell PLC, Class 'A'	51,621	1,683,838	1,772,495
Carillion PLC	6,982	39,842	35,811	Royal Dutch Shell PLC, Class 'B'	38,521	1,204,588	1,355,728
Carnival PLC	2,798	100,223	106,739	RSA Insurance Group PLC	67,562	129,262	137,270
Catlin Group Ltd.	5,547	31,748	45,159	SABMiller PLC	5,538	153,742	253,169
Centrica PLC	63,268	312,795	341,504	Sage Group PLC (The)	8,428	35,647	40,131
Close Brothers Group PLC	2,118	28,121	29,567	Schroders PLC	1,012	23,374	27,599
Cobham PLC	10,751	38,610	38,403	Schroders PLC, Non-voting	308	5,726	6,785
Compass Group PLC	14,593	121,824	171,119	SEGRO PLC	10,679	46,274	42,605
Darty PLC	32,474	59,782	29,828	Serco Group PLC	3,470	31,347	30,019
De La Rue PLC	1,845	24,570	27,234	Severn Trent PLC	2,591	58,086	65,965
Debenhams PLC	20,953	20,483	38,627	Shire PLC	982	28,549	29,976
Diageo PLC	12,658	240,894	366,002	SIG PLC	13,479	28,443	26,375
Drax Group PLC	7,916	52,892	69,698	Smith & Nephew PLC	5,150	49,341	56,597
DS Smith PLC	8,749	24,392	28,958	Smiths Group PLC	3,407	66,619	65,620
DSG International PLC	155,885	63,016	71,628	SSE PLC	13,717	250,378	314,590
easyJet PLC	3,527	23,405	43,670	Stagecoach Group PLC	6,137	24,942	30,504
Eurasian Natural Resources Corp.	3,007	38,748	13,817	Standard Chartered PLC	16,762	424,414	426,747
FirstGroup PLC	13,924	71,671	47,146	Standard Life PLC	33,659	120,859	180,865
GKN PLC	14,790	40,738	54,746	Tate & Lyle PLC	4,539	36,160	55,943
GlaxoSmithKline PLC	44,367	912,302	958,284	Taylor Wimpey PLC	58,425	30,414	62,174
Glencore Xstrata International PLC	20,109	131,111	114,320	Tesco PLC	128,598	825,842	699,237
Greene King PLC	3,429	24,553	34,687	Thomas Cook Group PLC	55,178	86,351	42,644
Group 4 Securicor PLC	14,521	58,606	60,260	Travis Perkins PLC	2,443	35,273	42,980
Hammerson PLC	7,299	46,761	57,674	Tui Travel PLC	20,380	73,236	93,150
Hays PLC	24,761	42,869	32,962	Tullow Oil PLC	1,515	33,514	30,896
Henderson Group PLC	13,067	25,092	27,959	UBM PLC	4,102	42,266	47,769
				Unilever PLC	8,170	250,293	312,729

The accompanying notes are an integral part of the financial statements.

<b>Security</b>	<b>Shares/ Units</b>	<b>Average cost (\$)</b>	<b>Fair value (\$)</b>
<b>United Kingdom (continued)</b>			
United Utilities Group PLC .....	10,567	98,958	115,102
Vedanta Resources PLC .....	2,207	63,483	41,293
Vesuvius PLC .....	2,516	26,486	14,110
Vodafone Group PLC .....	704,471	1,768,751	1,760,459
Weir Group PLC (The) .....	738	22,925	22,432
Whitbread PLC .....	1,377	28,590	54,514
William Hill PLC .....	8,489	26,241	47,814
William Morrison Supermarkets PLC .....	34,537	163,084	146,957
Xstrata PLC .....	15,995	252,072	274,025
		<u>26,423,268</u>	<u>27,164,235</u>
<b>Total Equities — 99.59%</b> .....		<u>154,321,188</u>	<u>140,285,821</u>
<b>Transaction costs (Note 2)</b> .....		(181,915)	—
<b>Total Investments — 99.59%</b> .....		<u>154,139,273</u>	<u>140,285,821</u>
<b>Cash and Cash Equivalents — 1.06%</b> .....			1,486,907
<b>Other Assets, Less Liabilities — (0.65)%</b> .....			(919,648)
<b>Net Assets — 100.00%</b> .....			<u>140,853,080</u>

As at December 31, 2011, the investments categorized by country/investment type are included in the following table:

<b>Country/Investment Type</b>	<b>Percentage of Net Assets (%)</b>
Australia .....	5.24
Austria .....	0.33
Belgium .....	0.76
Canada .....	6.29
Denmark .....	0.53
Finland .....	0.98
France .....	9.84
Germany .....	8.06
Greece .....	0.15
Hong Kong .....	1.71
Ireland .....	0.43
Israel .....	0.29
Italy .....	3.89
Japan .....	17.26
Korea .....	4.48
Luxembourg .....	0.38
Netherlands .....	3.37
New Zealand .....	0.13
Norway .....	0.93
Papua New Guinea .....	0.02
Portugal .....	0.26
Singapore .....	0.90
Spain .....	4.12
Sweden .....	2.86
Switzerland .....	5.03
United Kingdom .....	21.33
Cash and Cash Equivalents .....	0.57
Other Assets, Less Liabilities .....	(0.14)
<b>Total</b> .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

# iShares S&P Global Water Index Fund

## Statements of Net Assets

As at December 31

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$26,432,416	\$26,473,616
Cash and cash equivalents .....	381,207	12,653
Receivables:		
Dividends .....	89,855	106,936
Investment securities sold .....	31,002	1,797,742
<b>Total Assets</b> .....	<u>\$26,934,480</u>	<u>\$28,390,947</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	14,879	15,917
Service fees .....	1,744	1,747
Independent review committee fees .....	30	338
Capital units redeemed .....	—	1,470,950
Investment securities purchased .....	—	137,167
Distribution .....	393,651	168,762
<b>Total Liabilities</b> .....	<u>410,304</u>	<u>1,794,881</u>
<b>Net Assets</b> .....	<u>\$26,524,176</u>	<u>\$26,596,066</u>
<b>Net Assets</b>		
Common Units .....	\$23,991,423	\$24,218,436
Advisor Class Units .....	2,532,753	2,377,630
<b>Total</b> .....	<u>\$26,524,176</u>	<u>\$26,596,066</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,425,000	1,648,000
Advisor Class Units .....	150,000	162,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 16.84	\$ 14.70
Advisor Class Units .....	\$ 16.89	\$ 14.68

## Statements of Operations

For the years ended December 31

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 825,713	\$ 839,856
Securities lending income (Note 10) ...	8,040	671
Miscellaneous income .....	—	12,913
<b>Total revenue</b> .....	<u>833,753</u>	<u>853,440</u>
<b>Expenses</b>		
Management fees (Note 9) .....	178,816	216,095
Service fees (Note 9) .....	19,592	20,319
Independent review committee fees ...	371	1,647
Interest and bank charges .....	—	68
<b>Total expenses</b> .....	<u>198,779</u>	<u>238,129</u>
<b>Net Investment Income</b> .....	<u>634,974</u>	<u>615,311</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	166,127	232,442
Net realized gain (loss) on foreign exchange transactions .....	(10,110)	6,074
Transaction costs (Notes 2 and 13) ...	(13,863)	(12,949)
Net change in unrealized appreciation/ depreciation in value of investments .....	3,540,529	(2,534,232)
Net change in unrealized appreciation/ depreciation on foreign exchange transactions .....	2,078	(3,680)
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>3,684,761</u>	<u>(2,312,345)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$4,319,735</u>	<u>\$(1,697,034)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$3,944,717	\$(1,569,201)
Advisor Class Units .....	375,018	(152,438)
Institutional Class Units .....	—	24,605
<b>Total</b> .....	<u>\$4,319,735</u>	<u>\$(1,697,034)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 2.56	\$ (0.80)
Advisor Class Units .....	\$ 2.50	\$ (0.94)
Institutional Class Units .....	\$ —	\$ 1.28

<sup>(a)</sup> Net of withholding taxes of \$105,011 and \$104,774, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . . .	\$26,596,066	\$35,367,386
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	4,319,735	(1,697,034)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	401,077	620,878
Reinvestment of distributions . . . . .	—	6,331
Payments for units redeemed . . . . .	(4,156,829)	(7,109,357)
<b>Net capital transactions</b> . . . . .	(3,755,752)	(6,482,148)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(635,873)	(592,138)
<b>Total distributions</b> . . . . .	(635,873)	(592,138)
<b>Decrease in Net Assets</b> . . . . .	(71,890)	(8,771,320)
<b>Net Assets, End of Year</b> . . . . .	\$26,524,176	\$26,596,066
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$24,218,436	\$31,878,665
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	3,944,717	(1,569,201)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	272,937	620,878
Payments for units redeemed . . . . .	(3,839,965)	(6,153,639)
<b>Net capital transactions</b> . . . . .	(3,567,028)	(5,532,761)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(604,702)	(558,267)
<b>Total distributions</b> . . . . .	(604,702)	(558,267)
<b>Decrease in Net Assets</b> . . . . .	(227,013)	(7,660,229)
<b>Net Assets, End of Year</b> . . . . .	\$23,991,423	\$24,218,436
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$ 2,377,630	\$ 2,557,608
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	375,018	(152,438)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	128,140	—
Payments for units redeemed . . . . .	(316,864)	—
<b>Net capital transactions</b> . . . . .	(188,724)	—
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(31,171)	(27,540)
<b>Total distributions</b> . . . . .	(31,171)	(27,540)
<b>Increase (Decrease) in Net Assets</b> . . . . .	155,123	(179,978)
<b>Net Assets, End of Year</b> . . . . .	\$ 2,532,753	\$ 2,377,630

	2012	2011
<b>Institutional Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$ —	\$ 931,113
<b>Increase in Net Assets from Operations</b> . . . . .	—	24,605
<b>Capital Transactions</b>		
Reinvestment of distributions . . . . .	—	6,331
Payments for units redeemed . . . . .	—	(955,718)
<b>Net capital transactions</b> . . . . .	—	(949,387)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	—	(6,331)
<b>Total distributions</b> . . . . .	—	(6,331)
<b>Decrease in Net Assets</b> . . . . .	—	(931,113)
<b>Net Assets, End of Year</b> . . . . .	\$ —	\$ —

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.65%</b>			
<b>Austria — 3.11%</b>			
Andritz AG . . . . .	12,949	498,399	825,110
		498,399	825,110
<b>Brazil — 4.05%</b>			
Companhia de Saneamento Basico do Estado de Sao Paulo, ADR . . . . .	12,726	616,942	1,075,218
		616,942	1,075,218
<b>Finland — 1.04%</b>			
Kemira OYJ . . . . .	17,806	224,305	274,884
		224,305	274,884
<b>France — 7.40%</b>			
Suez Environnement SA . . . . .	65,558	1,237,546	780,995
Veolia Environnement SA . . . . .	98,426	2,655,468	1,182,889
		3,893,014	1,963,884
<b>Hong Kong — 3.54%</b>			
Beijing Enterprises Water Group Ltd. . . . .	726,000	168,328	186,529
China Everbright International . . . . .	495,000	176,423	249,270
Guangdong Investment Ltd. . . . .	568,000	361,215	443,641
Interchina Holdings Co. Ltd. . . . .	1,025,000	63,224	59,254
		769,190	938,694
<b>Israel — 3.32%</b>			
Israel Chemicals Ltd. . . . .	73,999	861,944	881,144
		861,944	881,144
<b>Italy — 1.67%</b>			
Hera SPA . . . . .	98,069	260,064	157,576
Impregilo SPA . . . . .	41,772	164,274	193,788
Interpump Group SPA . . . . .	12,109	70,465	92,117
		494,803	443,481
<b>Japan — 3.54%</b>			
Daiseki Co. Ltd. . . . .	9,300	143,045	127,658
Ebara Corp. . . . .	95,000	364,043	393,835
Kurita Water Industries Ltd. . . . .	19,200	596,941	417,880
		1,104,029	939,373

The accompanying notes are an integral part of the financial statements.

## iShares S&P Global Water Index Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Netherlands — 2.44%</b>			
Aalberts Industries NV	16,562	318,975	337,319
Arcadis NV	13,360	286,671	310,863
		605,646	648,182
<b>Singapore — 0.50%</b>			
Hyflux Ltd.	126,000	184,393	131,467
		184,393	131,467
<b>Spain — 0.53%</b>			
Fomento de Construcciones y Contratas SA	11,487	386,441	139,484
		386,441	139,484
<b>Sweden — 4.23%</b>			
Alfa Laval AB	54,166	1,082,733	1,121,697
		1,082,733	1,121,697
<b>Switzerland — 8.01%</b>			
Geberit AG, Registered	6,758	1,077,375	1,479,801
Sulzer AG, Registered	4,110	585,730	644,239
		1,663,105	2,124,040
<b>United Kingdom — 18.85%</b>			
Halma PLC	65,486	280,980	486,811
Pennon Group PLC	81,906	921,112	827,873
Rotork PLC	15,041	562,092	619,312
Severn Trent PLC	54,112	1,368,880	1,377,646
United Utilities Group PLC	155,106	1,886,292	1,689,504
		5,019,356	5,001,146
<b>United States — 37.42%</b>			
Aegion Corp.	8,974	181,102	198,098
American States Water Co.	4,314	164,395	206,053
American Water Works Co. Inc.	40,460	1,006,179	1,495,014
Aqua America Inc.	31,850	637,170	806,463
Badger Meter Inc.	2,475	103,079	116,761
Calgon Carbon Corp.	9,957	145,549	140,484
California Water Service Group	9,533	186,199	174,083
Compass Minerals International Inc.	5,771	441,994	429,642
Danaher Corp.	22,823	943,289	1,270,774
Franklin Electric Co. Inc.	3,366	140,799	208,029
Gorman-Rupp Co. (The)	2,627	73,564	77,634
Hawkins, Inc.	2,089	84,513	80,372
Heckmann Corp.	23,537	130,468	94,446
Idex Corp.	14,483	530,788	670,996
Itron Inc.	6,958	451,846	308,646
Layne Christensen Co.	4,620	164,431	111,507
Lindsay Corp.	2,197	144,103	175,245
Mueller Water Products Inc., Series 'A'	26,837	140,624	149,908
Pentair Ltd.	36,241	1,463,542	1,773,586
Tetra Tech, Registered	14,422	369,667	379,678
Watts Water Technologies Inc., Class 'A'	4,756	168,307	203,581
Xylem Inc.	31,658	809,648	853,612
		8,481,256	9,924,612
<b>Total Equities — 99.65%</b>		25,885,556	26,432,416
<b>Transaction costs (Note 2)</b>		(26,937)	—
<b>Total Investments — 99.65%</b>		25,858,619	26,432,416
<b>Cash and Cash Equivalents — 1.44%</b>			381,207
<b>Other Assets, Less Liabilities — (1.09)%</b>			(289,447)
<b>Net Assets — 100.00%</b>			26,524,176

ADR — American Depositary Receipt

As at December 31, 2011, the investments categorized by country/investment type are included in the following table:

Country/Investment Type	Percentage of Net Assets (%)
Austria	2.18
Brazil	3.95
China	0.33
Finland	1.29
France	5.80
Hong Kong	2.85
Italy	1.18
Japan	4.77
Netherlands	0.80
Singapore	0.70
Spain	0.94
Sweden	4.27
Switzerland	10.33
United Kingdom	21.50
United States	38.65
Cash and Cash Equivalents	0.05
Other Assets, Less Liabilities	0.41
<b>Total</b>	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.

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# iShares S&P/TSX Global Mining Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$31,264,147	\$43,454,788
Cash and cash equivalents .....	252,684	273,787
Receivables:		
Dividends .....	33,189	37,952
Investment securities sold .....	—	321,713
<b>Total Assets</b> .....	<u>31,550,020</u>	<u>44,088,240</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	15,470	25,820
Service fees .....	1,783	4,018
Independent review committee fees .....	43	631
Distribution .....	221,010	539,722
<b>Total Liabilities</b> .....	<u>238,306</u>	<u>570,191</u>
<b>Net Assets</b> .....	<u>\$31,311,714</u>	<u>\$43,518,049</u>
<b>Net Assets</b>		
Common Units .....	\$28,624,369	\$38,618,916
Advisor Class Units .....	2,687,345	4,899,133
<b>Total</b> .....	<u>\$31,311,714</u>	<u>\$43,518,049</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,600,000	2,067,000
Advisor Class Units .....	150,000	262,900
<b>Net Assets per Unit</b>		
Common Units .....	\$ 17.89	\$ 18.68
Advisor Class Units .....	\$ 17.92	\$ 18.63

## Statements of Operations

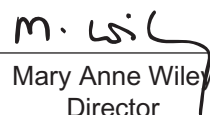
For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 789,251	\$ 938,637
Securities lending income (Note 10) .....	20,201	23,548
Miscellaneous income .....	—	7,803
<b>Total revenue</b> .....	<u>809,452</u>	<u>969,988</u>
<b>Expenses</b>		
Management fees (Note 9) .....	213,448	367,082
Service fees (Note 9) .....	27,480	52,453
Independent review committee fees .....	413	3,100
Interest and bank charges .....	—	99
<b>Total expenses</b> .....	<u>241,341</u>	<u>422,734</u>
<b>Net Investment Income</b> .....	<u>568,111</u>	<u>547,254</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments .....	(1,644,587)	1,106,527
Net realized loss on foreign exchange transactions .....	(3,523)	(7,588)
Transaction costs (Notes 2 and 13) .....	(887)	(8,200)
Net change in unrealized appreciation/depreciation in value of investments .....	100,912	(18,753,824)
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	549	434
<b>Net realized and unrealized loss on investments</b> .....	<u>(1,547,536)</u>	<u>(17,662,651)</u>
<b>Decrease in Net Assets from Operations</b> .....	<u>\$ (979,425)</u>	<u>\$ (17,115,397)</u>
<b>Decrease in Net Assets from Operations</b>		
Common Units .....	\$ (786,603)	\$ (15,342,994)
Advisor Class Units .....	(192,822)	(1,772,403)
<b>Total</b> .....	<u>\$ (979,425)</u>	<u>\$ (17,115,397)</u>
<b>Decrease in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ (0.44)	\$ (6.34)
Advisor Class Units .....	\$ (1.03)	\$ (6.09)

<sup>(a)</sup> Net of withholding taxes of \$25,098 and \$36,128, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . .	\$ 43,518,049	\$ 67,946,023
<b>Decrease in Net Assets from Operations</b> . . . . .	(979,425)	(17,115,397)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	2,773,221	10,668,231
Payments for units redeemed . . . . .	(13,443,578)	(17,433,283)
<b>Net capital transactions</b> . . . . .	(10,670,357)	(6,765,052)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(556,553)	(534,022)
Return of capital . . . . .	—	(13,503)
<b>Total distributions</b> . . . . .	(556,553)	(547,525)
<b>Decrease in Net Assets</b> . . . . .	(12,206,335)	(24,427,974)
<b>Net Assets, End of Year</b> . . . . .	\$ 31,311,714	\$ 43,518,049
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 38,618,916	\$ 60,915,026
<b>Decrease in Net Assets from Operations</b> . . . . .	(786,603)	(15,342,994)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	2,773,221	8,868,010
Payments for units redeemed . . . . .	(11,442,457)	(15,294,633)
<b>Net capital transactions</b> . . . . .	(8,669,236)	(6,426,623)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(538,708)	(526,493)
<b>Total distributions</b> . . . . .	(538,708)	(526,493)
<b>Decrease in Net Assets</b> . . . . .	(9,994,547)	(22,296,110)
<b>Net Assets, End of Year</b> . . . . .	\$ 28,624,369	\$ 38,618,916
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 4,899,133	\$ 7,030,997
<b>Decrease in Net Assets from Operations</b> . . . . .	(192,822)	(1,772,403)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	—	1,800,221
Payments for units redeemed . . . . .	(2,001,121)	(2,138,650)
<b>Net capital transactions</b> . . . . .	(2,001,121)	(338,429)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(17,845)	(7,529)
Return of capital . . . . .	—	(13,503)
<b>Total distributions</b> . . . . .	(17,845)	(21,032)
<b>Decrease in Net Assets</b> . . . . .	(2,211,788)	(2,131,864)
<b>Net Assets, End of Year</b> . . . . .	\$ 2,687,345	\$ 4,899,133

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.85%</b>			
<b>Australia — 19.34%</b>			
Alumina Ltd., ADR . . . . .	28,765	247,105	107,047
BHP Billiton Ltd., ADR . . . . .	74,112	5,260,257	5,788,348
CGA Mining Ltd. . . . .	15,574	35,561	40,025
Paladin Energy Ltd. . . . .	34,982	125,849	38,130
Perseus Mining Ltd. . . . .	21,307	61,461	46,023
Talisson Lithium Ltd. . . . .	5,070	20,400	37,062
		5,750,633	6,056,635
<b>Canada — 34.53%</b>			
Agnico-Eagle Mines Ltd. . . . .	7,925	442,878	412,258
Alacer Gold Corp. . . . .	10,521	76,671	54,499
Alamos Gold Inc. . . . .	5,565	65,122	96,887
Altius Minerals Corp. . . . .	1,242	14,315	12,072
Argonaut Gold Inc. . . . .	4,338	24,118	41,081
AuRico Gold Inc. . . . .	12,935	112,220	104,903
Aurizon Mines Ltd. . . . .	7,660	35,270	26,121
B2Gold Corp. . . . .	16,377	40,171	57,811
Banro Corp. . . . .	9,405	26,890	25,958
Barrick Gold Corp. . . . .	46,216	1,894,952	1,604,157
Belo Sun Mining Corp. . . . .	11,578	18,516	18,409
Cameco Corp. . . . .	18,260	548,878	356,983
Capstone Mining Corp. . . . .	14,169	41,703	34,006
Centerra Gold Inc. . . . .	7,230	103,452	67,094
China Gold International Resources Corp. Ltd. . . . .	11,206	50,873	38,212
Colossus Minerals Inc. . . . .	4,743	29,818	21,770
Continental Gold Ltd. . . . .	4,748	37,946	41,735
Copper Mountain Mining Corp. . . . .	4,459	26,001	17,435
Denison Mines Corp. . . . .	15,128	21,533	18,456
Detour Gold Corp. . . . .	5,386	132,046	134,058
Dundee Precious Metals Inc. . . . .	4,480	25,629	37,811
Eldorado Gold Corp. . . . .	32,970	431,334	421,027
Endeavour Silver Corp. . . . .	4,052	32,177	31,646
First Majestic Silver Corp. . . . .	5,348	52,705	106,960
First Quantum Minerals Ltd. . . . .	21,999	365,722	481,558
Fortuna Silver Mines Inc. . . . .	5,954	30,633	24,709
Franco-Nevada Corp. . . . .	6,769	234,329	384,073
Gabriel Resources Ltd. . . . .	9,769	50,862	22,664
Goldcorp Inc. . . . .	37,468	1,489,356	1,363,086
Harry Winston Diamond Corp. . . . .	3,713	49,249	51,536
Hudbay Minerals Inc. . . . .	7,884	101,629	78,840
IAMGOLD Corp. . . . .	17,389	221,872	197,539
Imperial Metals Corp. . . . .	2,046	19,987	24,716
Inmet Mining Corp. . . . .	2,366	139,644	175,084
Keegan Resources Inc. . . . .	3,976	29,262	15,586
Kinross Gold Corp. . . . .	52,645	912,338	506,971
Kirkland Lake Gold Inc. . . . .	2,932	29,315	17,064
Lake Shore Gold Corp. . . . .	19,594	50,500	14,500
Lundin Mining Corp. . . . .	23,428	114,776	119,249
MAG Silver Corp. . . . .	2,156	23,677	21,905
Major Drilling Group International Inc. . . . .	3,589	41,176	35,065
Nevsun Resource Ltd. . . . .	9,004	37,763	37,997
New Gold Inc. . . . .	21,379	145,919	234,314
NGEx Resources Inc. . . . .	5,964	18,808	19,860
NovaGold Resources Inc. . . . .	10,365	71,582	46,332
OceanaGold Corp. . . . .	12,313	38,214	34,476
Orbite Aluminae Inc., Class 'A' . . . . .	8,238	16,219	20,183
Osisko Mining Corp. . . . .	18,002	180,556	143,116
Pan American Silver Corp. . . . .	6,994	171,219	130,018
Premier Gold Mines Ltd. . . . .	6,952	37,874	29,129
Pretium Resources Inc. . . . .	3,341	44,406	43,801
Primerio Mining Corp. . . . .	2,850	17,718	18,240
Rainy River Resources Ltd. . . . .	4,663	20,055	23,128
Rio Alto Mining Ltd. . . . .	7,504	36,602	38,120
Romarco Minerals Inc. . . . .	26,706	44,071	19,762
Rubicon Minerals Corp. . . . .	13,396	55,120	33,892
Sabina Gold & Silver Corp. . . . .	5,890	27,831	15,491
San Gold Corp. . . . .	15,350	39,801	11,666
Seabridge Gold Inc. . . . .	1,460	33,861	26,152

The accompanying notes are an integral part of the financial statements.

## iShares S&P/TSX Global Mining Index Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)	Security	Shares	Average cost (\$)	Fair value (\$)
<b>Canada (continued)</b>				<b>United States (continued)</b>			
Semafo Inc. ....	12,793	57,272	43,496	Royal Gold Inc. ....	3,004	163,441	243,205
Sheritt International Corp. ....	13,646	110,104	77,919	RTI International Metals Inc. ....	1,392	49,331	38,199
Silver Standard Resources Inc. ....	3,757	85,832	55,566	Southern Copper Corp. ....	8,989	267,587	338,860
Silver Wheaton Corp. ....	16,364	310,772	585,504	Stillwater Mining Co. ....	5,342	71,698	67,977
Silvercorp Metals Inc. ....	7,909	50,090	40,020	SunCoke Energy Inc. ....	3,195	44,311	49,596
Tahoe Resources Inc. ....	3,843	70,005	69,866	Walter Energy Inc. ....	2,878	206,361	102,847
Tanzanian Royalty Exploration Corp. ....	4,630	22,948	19,955			7,385,050	5,570,653
Taseko Mines Ltd. ....	8,676	39,945	26,028	<b>Total Equities — 99.85%</b> .....		<b>33,427,747</b>	<b>31,264,147</b>
Teck Resources Ltd., Class 'B' ....	22,195	740,050	800,130	<b>Transaction costs (Note 2)</b> .....		<b>(3,039)</b>	<b>—</b>
Thompson Creek Metals Co. Inc. ....	7,117	82,373	29,251	<b>Total Investments — 99.85%</b> .....		<b>33,424,708</b>	<b>31,264,147</b>
Torex Gold Resources Inc. ....	28,142	57,371	61,350	<b>Cash and Cash Equivalents — 0.81%</b> .....			<b>252,684</b>
Turquoise Hill Resources Ltd. ....	16,252	200,334	122,540	<b>Other Assets, Less Liabilities — (0.66)%</b> .....			<b>(205,117)</b>
Uranium One Inc. ....	20,925	79,312	48,964	<b>Net Assets — 100.00%</b> .....			<b>31,311,714</b>
Yamana Gold Inc. ....	34,708	435,885	591,771				
		<b>11,569,457</b>	<b>10,813,531</b>				
<b>Cayman Islands — 0.12%</b>				ADR — American Depositary Receipt			
Endeavour Mining Capital Corp. ....	18,650	42,688	38,046				
		<b>42,688</b>	<b>38,046</b>				
<b>China — 0.74%</b>				As at December 31, 2011, the investments categorized by country/investment type are included in the following table:			
Aluminum Corp. of China Ltd., ADR ....	7,242	188,472	82,567				
Yanzhou Coal Mining Co. Ltd., ADR ....	9,012	170,713	148,418				
		<b>359,185</b>	<b>230,985</b>				
<b>India — 0.26%</b>				<b>Country/Investment Type</b>			
Sterlite Industries (India) Ltd., ADR ....	9,391	104,595	80,135			<b>Percentage of</b>	<b>Net Assets (%)</b>
		<b>104,595</b>	<b>80,135</b>	Australia .....		17.39	
<b>Jersey Channel Islands — 1.34%</b>				Bermuda .....		0.08	
Randgold Resources Ltd., ADR ....	4,244	314,797	419,237	Canada .....		36.43	
		<b>314,797</b>	<b>419,237</b>	China .....		0.81	
<b>Peru — 0.97%</b>				India .....		0.09	
Compañía de Minas Buenaventura SA, ADR ....	8,507	276,802	304,342	Jersey Channel Islands .....		1.30	
		<b>276,802</b>	<b>304,342</b>	Peru .....		1.17	
<b>South Africa — 3.54%</b>				South Africa .....		4.49	
AngloGold Ashanti Ltd., ADR ....	17,637	708,443	550,191	United Kingdom .....		18.60	
Gold Fields Ltd., ADR ....	33,694	479,866	410,249	United States .....		19.49	
Great Basin Gold Ltd. ....	27,422	47,609	—	Cash and Cash Equivalents .....		0.63	
Harmony Gold Mining Co. Ltd., ADR ....	16,906	188,109	146,818	Other Assets, Less Liabilities .....		(0.48)	
		<b>1,424,027</b>	<b>1,107,258</b>	<b>Total</b> .....		<b>100.00</b>	
<b>United Kingdom — 21.22%</b>							
BHP Billiton PLC, ADR ....	48,775	2,986,643	3,362,149				
Rio Tinto PLC, ADR ....	56,699	3,213,870	3,281,176				
		<b>6,200,513</b>	<b>6,643,325</b>				
<b>United States — 17.79%</b>							
Alcoa Inc. ....	49,291	909,152	425,515				
Alliance Resource Partners L.P. ....	960	46,903	55,450				
Allied Nevada Gold Corp. ....	3,747	80,036	112,110				
Alpha Natural Resources Inc. ....	10,122	408,167	98,164				
AMCOL International Corp. ....	1,154	33,377	35,252				
Arch Coal Inc. ....	9,743	258,650	71,012				
Century Aluminum Co. ....	2,309	23,493	20,140				
Cloud Peak Energy Inc. ....	2,806	58,152	53,951				
Coeur d'Alene Mines Corp. ....	4,136	94,744	101,267				
Compass Minerals International Inc. ....	1,526	98,494	113,608				
CONSOL Energy Inc. ....	10,521	489,115	336,272				
Freepport-McMoRan Copper & Gold Inc., Class 'B' ....	43,846	1,725,549	1,493,085				
Globe Specialty Metals Inc. ....	2,984	43,656	40,854				
Gold Resource Corp. ....	1,412	36,898	21,595				
Golden Star Resources Ltd. ....	11,979	41,077	21,203				
Hecla Mining Co. ....	13,235	81,221	76,828				
Horsehead Holding Corp. ....	2,012	24,163	20,454				
Kaiser Aluminum Corp. ....	779	40,102	47,842				
Materion Corp. ....	938	21,853	24,031				
McEwen Mining Inc. ....	12,179	55,248	46,566				
Molycorp Inc. ....	4,501	143,718	42,352				
Natural Resource Partners L.P. ....	2,793	75,697	51,448				
Newmont Mining Corp. Holding Co. ....	22,929	1,173,476	1,060,244				
Noranda Aluminum Holding Corp. ....	3,060	33,248	18,616				
Paramount Gold and Silver Corp. ....	5,890	13,818	13,547				
Peabody Energy Corp. ....	12,396	572,314	328,563				

The accompanying notes are an integral part of the financial statements.

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# iShares BRIC Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$208,135,527	\$236,081,869
Cash and cash equivalents .....	4,637,373	657,921
Receivables:		
Dividends .....	904,612	974,767
Investment securities sold .....	372,826	5,620,583
Unrealized appreciation on forward currency contracts (Note 2) .....	52,702	37,436
<b>Total Assets</b> .....	<u>214,103,040</u>	<u>243,372,576</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	116,486	141,723
Service fees .....	10,084	15,270
Independent review committee fees .....	249	3,469
Distribution .....	4,544,753	5,924,349
Unrealized depreciation on forward currency contracts (Note 2) .....	387,385	370,864
<b>Total Liabilities</b> .....	<u>5,058,957</u>	<u>6,455,675</u>
<b>Net Assets</b> .....	<u>\$209,044,083</u>	<u>\$236,916,901</u>
<b>Net Assets</b>		
Common Units .....	\$194,330,671	\$217,879,080
Advisor Class Units .....	14,713,412	19,037,796
Institutional Class Units .....	—	25
<b>Total</b> .....	<u>\$209,044,083</u>	<u>\$236,916,901</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	7,950,000	9,116,995
Advisor Class Units .....	600,000	800,000
Institutional Class Units .....	—	1
<b>Net Assets per Unit</b>		
Common Units .....	\$ 24.44	\$ 23.90
Advisor Class Units .....	\$ 24.52	\$ 23.80
Institutional Class Units .....	\$ —	\$ 24.58

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 6,916,917	\$ 9,818,753
Securities lending income (Note 10) .....	137,860	152,372
<b>Total revenue</b> .....	<u>7,054,777</u>	<u>9,971,125</u>
<b>Expenses</b>		
Management fees (Note 9) .....	1,541,129	2,101,475
Service fees (Note 9) .....	143,826	217,147
Independent review committee fees .....	1,724	16,691
Interest and bank charges .....	—	772
Other expenses .....	—	1,960
<b>Total expenses</b> .....	<u>1,686,679</u>	<u>2,338,045</u>
<b>Net Investment Income</b> .....	<u>5,368,098</u>	<u>7,633,080</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments .....	(10,783,240)	(3,555,695)
Net realized gain (loss) on forward currency contracts .....	5,382,739	(14,694,249)
Net realized gain on foreign exchange transactions .....	13,713	11,316,119
Transaction costs (Notes 2 and 13) ..	(41,113)	(56,301)
Net change in unrealized appreciation/depreciation in value of investments .....	11,081,991	(75,150,031)
Net change in unrealized appreciation/depreciation in value of forward currency contracts .....	(1,255)	(3,836,567)
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	10,225	29,084
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>5,663,060</u>	<u>(85,947,640)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$ 11,031,158</u>	<u>\$(78,314,560)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$ 10,302,360	\$(71,656,989)
Advisor Class Units .....	728,797	(6,677,218)
Institutional Class Units .....	1	19,647
<b>Total</b> .....	<u>\$ 11,031,158</u>	<u>\$(78,314,560)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.18	\$ (7.21)
Advisor Class Units .....	\$ 1.03	\$ (7.33)
Institutional Class Units .....	\$ 1.40	\$ 0.53

<sup>(a)</sup> Net of withholding taxes of \$909,037 and \$1,251,574, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$ 236,916,901	\$ 371,640,955
<b>Increase (Decrease) in Net Assets from Operations</b> .....	11,031,158	(78,314,560)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	—	10,740,174
Payments for units redeemed .....	(33,316,683)	(58,902,498)
<b>Net capital transactions</b> .....	(33,316,683)	(48,162,324)
<b>Distributions (Note 7)</b>		
From net investment income .....	(5,587,223)	(8,247,170)
Return of capital .....	(70)	—
<b>Total distributions</b> .....	(5,587,293)	(8,247,170)
<b>Decrease in Net Assets</b> .....	(27,872,818)	(134,724,054)
<b>Net Assets, End of Year</b> .....	\$ 209,044,083	\$ 236,916,901

### Common Units:

<b>Net Assets, Beginning of Year</b> .....	\$ 217,879,080	\$ 336,648,025
<b>Increase (Decrease) in Net Assets from Operations</b> .....	10,302,360	(71,656,989)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	—	9,519,652
Payments for units redeemed .....	(28,439,634)	(48,779,160)
<b>Net capital transactions</b> .....	(28,439,634)	(39,259,508)
<b>Distributions (Note 7)</b>		
From net investment income .....	(5,411,069)	(7,852,448)
Return of capital .....	(66)	—
<b>Total distributions</b> .....	(5,411,135)	(7,852,448)
<b>Decrease in Net Assets</b> .....	(23,548,409)	(118,768,945)
<b>Net Assets, End of Year</b> .....	\$ 194,330,671	\$ 217,879,080

### Advisor Class Units:

<b>Net Assets, Beginning of Year</b> .....	\$ 19,037,796	\$ 31,700,389
<b>Increase (Decrease) in Net Assets from Operations</b> .....	728,797	(6,677,218)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	—	1,220,495
Payments for units redeemed .....	(4,877,023)	(6,814,895)
<b>Net capital transactions</b> .....	(4,877,023)	(5,594,400)
<b>Distributions (Note 7)</b>		
From net investment income .....	(176,154)	(390,975)
Return of capital .....	(4)	—
<b>Total distributions</b> .....	(176,158)	(390,975)
<b>Decrease in Net Assets</b> .....	(4,324,384)	(12,662,593)
<b>Net Assets, End of Year</b> .....	\$ 14,713,412	\$ 19,037,796

	2012	2011
<b>Institutional Class Units:</b>		
<b>Net Assets, Beginning of Year</b> ..	\$ 25	\$ 3,292,541
<b>Increase in Net Assets from Operations</b> .....	1	19,647
<b>Capital Transactions</b>		
Proceeds from issuance of units ..	—	27
Payments for units redeemed .....	(26)	(3,308,443)
<b>Net capital transactions</b> .....	(26)	(3,308,416)
<b>Distributions (Note 7)</b>		
From net investment income .....	—	(3,747)
<b>Total distributions</b> .....	—	(3,747)
<b>Decrease in Net Assets</b> .....	(25)	(3,292,516)
<b>Net Assets, End of Year</b> .....	\$ —	\$ 25

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.56%</b>			
<b>Brazil — 49.98%</b>			
Banco Bradesco SA, ADR .....	468,551	7,406,622	8,099,069
Banco Santander (Brasil) SA, ADR .....	192,194	2,397,204	1,391,242
Braskem SA, ADR .....	30,902	419,271	410,768
BRF — Brasil Foods SA, ADR .....	217,896	3,072,813	4,577,836
Centrais Elétricas Brasileiras SA, ADR .....	113,037	1,165,445	347,962
Centrais Elétricas Brasileiras SA, Preferred, ADR .....	90,997	1,211,788	463,756
Companhia Brasileira de Distribuicao Grupo Pao de Acucar, Preferred, ADR .....	47,504	1,538,434	2,099,635
Companhia de Bebidas das Americas, ADR .....	22,459	681,904	914,156
Companhia de Bebidas das Americas, ADR, Preferred .....	220,282	5,446,108	9,185,741
Companhia de Saneamento Basico do Estado de Sao Paulo, ADR .....	19,379	929,938	1,637,328
Companhia Energetica de Minas Gerais SA, ADR .....	160,924	2,193,717	1,768,625
Companhia Paranaense de Energia-Copel, ADR .....	38,501	706,212	593,521
Companhia Siderurgica Nacional SA, ADR .....	258,872	3,308,290	1,493,042
CPFL Energia SA, ADR .....	39,885	887,070	830,151
Embraer SA, ADR .....	53,348	1,512,702	1,512,818
Fibra Celulose SA, ADR .....	80,487	1,064,620	908,798
Gafisa SA, ADR .....	91,119	990,404	417,409
Gerdau SA, ADR .....	295,476	3,527,708	2,618,429
Gol Linhas Aéreas Inteligentes SA, ADR .....	53,367	436,752	348,051
Itau Unibanco Holding SA, ADR .....	724,342	13,008,317	11,871,402
Oi SA, ADR, Preferred .....	292,481	1,711,179	1,183,386
Petróleo Brasileiro SA, ADR .....	523,343	19,634,558	10,145,673
Petróleo Brasileiro SA, Sponsored ADR .....	675,808	22,235,511	12,987,009
Telefonica Brasil SA .....	96,864	2,906,856	2,284,841
Tim Participacoes SA, ADR .....	56,249	1,275,645	1,109,501
Ultrapar Participações SA, ADR .....	136,394	1,871,554	3,025,791
Vale SA, ADR .....	429,280	10,863,634	8,959,019
Vale SA, ADR, Preferred .....	669,395	14,945,344	13,304,271
		127,349,600	104,489,230
<b>China — 37.74%</b>			
21Vianet Group Inc., ADR .....	20,270	205,848	193,553
51job Inc., ADR .....	5,039	246,904	234,109
Aluminum Corp. of China Ltd., ADR .....	59,414	1,517,640	677,389

The accompanying notes are an integral part of the financial statements.

## iShares BRIC Index Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)
<b>China (continued)</b>			
AutoNavi Holdings Ltd., ADR	17,669	232,806	163,615
Baidu Inc., ADR	75,848	5,939,164	7,574,087
Changyou.com Ltd., ADR, Class 'A'	5,802	155,848	151,705
China Life Insurance Co. Ltd., ADR	159,785	8,713,844	7,789,816
China Lodging Group Ltd., ADR	12,302	189,069	185,206
China Mobile Ltd., ADR	331,799	17,875,070	19,399,459
China Petroleum and Chemical Corp. (Sinopec), ADR	54,386	5,222,164	6,223,164
China Southern Airlines Co. Ltd., ADR	15,360	299,705	385,759
China Telecom Corp. Ltd., ADR	45,937	2,533,197	2,543,426
China Unicom (Hong Kong) Ltd., ADR	141,167	2,212,804	2,288,317
CNOOC Ltd., ADR	51,025	8,630,241	11,166,053
Ctrip.com International Ltd., ADR	50,978	1,454,071	1,150,194
Focus Media Holding Ltd., ADR	31,005	693,902	787,845
Giant Interactive Group Inc., ADR	51,028	382,596	274,366
Guangshen Railway Co. Ltd., ADR	15,149	341,744	299,698
Home Inns & Hotels Management Inc., ADR	5,763	167,354	148,161
Huaneng Power International Inc., ADR, Series 'N'	28,204	859,513	1,042,711
Mindray Medical International Ltd., ADR	30,306	951,675	986,745
NetEase Inc., ADR	25,843	1,017,532	1,093,605
New Oriental Education & Technology Group Inc., ADR	47,602	951,461	901,023
Perfect World Co. Ltd., ADR	21,623	532,684	221,759
PetroChina Co. Ltd., ADR	58,488	7,768,323	8,369,750
Qihoo 360 Technology Co. Ltd., ADR	24,517	629,488	724,047
Renren Inc., ADR	73,074	354,953	240,107
Semiconductor Manufacturing International Corp., ADR	194,488	609,176	480,953
Sinopec Shanghai Petrochemical Co. Ltd., ADR	10,843	439,347	384,448
SouFun Holdings Ltd., ADR	8,133	197,832	165,524
Spreadtrum Communications Inc., ADR	17,785	254,261	293,607
Trina Solar Ltd., ADR	48,727	581,649	205,714
WuXi PharmaTech Cayman Inc., ADR	29,486	405,438	462,114
Yanzhou Coal Mining Co. Ltd., ADR	68,793	1,282,132	1,132,950
Youku Tudou Inc., ADR	30,837	904,846	559,434
		<u>74,754,281</u>	<u>78,900,413</u>
<b>India — 9.76%</b>			
Dr. Reddy's Laboratories Ltd., ADR	29,328	725,239	975,218
HDFC Bank Ltd., ADR	125,148	3,222,568	5,074,114
ICICI Bank Ltd., ADR	92,062	3,605,166	3,997,560
Infosys Technologies Ltd., ADR	155,783	7,603,772	6,564,357
Sterlite Industries (India) Ltd., ADR	77,290	1,076,625	659,527
Tata Motors Ltd., ADR	63,806	1,222,433	1,824,629
Wipro Ltd., ADR	182,911	1,817,412	1,311,333
		<u>19,273,215</u>	<u>20,406,738</u>
<b>Russia — 2.08%</b>			
Mechel OAO, ADR	58,306	741,690	399,420
Mobile TeleSystems OJSC, ADR	166,510	3,437,019	3,090,400
VimpelCom Ltd., ADR	81,315	1,301,253	849,326
		<u>5,479,962</u>	<u>4,339,146</u>
<b>Total Equities — 99.56%</b>		<u>226,857,058</u>	<u>208,135,527</u>
<b>Transaction costs (Note 2)</b>		<u>(68,119)</u>	<u>—</u>
<b>Total Investments — 99.56%</b>		<u>226,788,939</u>	<u>208,135,527</u>
<b>Unrealized Depreciation on Forward Currency Contracts (Schedule A) — (0.16)%</b>			
			<u>(334,683)</u>
<b>Cash and Cash Equivalents — 2.22%</b>			
			<u>4,637,373</u>
<b>Other Assets, Less Liabilities — (1.62)%</b>			
			<u>(3,394,134)</u>
<b>Net Assets — 100.00%</b>			<u>209,044,083</u>

ADR — American Depositary Receipt

## Schedule A — Forward Currency Contracts (a)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy	2,500,000	USD	01-04-13	2,467,520	2,489,304	21,784
Buy	4,555,000	USD	01-04-13	4,520,473	4,535,512	15,039
Buy	4,875,000	USD	01-04-13	4,845,604	4,854,143	8,539
Buy	2,960,000	USD	01-04-13	2,940,923	2,947,336	6,413
Buy	365,000	USD	02-05-13	362,763	363,690	927
Buy	197,345,000	USD	01-04-13	196,504,310	196,500,692	(3,618)
Sell	(10,845,000)	USD	02-05-13	(10,805,503)	(10,806,067)	(564)
Sell	(327,195)	USD	01-07-13	(325,000)	(325,817)	(817)
Sell	(1,455,000)	USD	01-04-13	(1,445,866)	(1,448,775)	(2,909)
Sell	(197,345,000)	USD	02-05-13	(196,626,270)	(196,636,531)	(10,261)
Sell	(210,780,000)	USD	01-04-13	(209,508,997)	(209,878,213)	(369,216)
						<u>(334,683)</u>

(a) The forward currency contracts are entered with HSBC Bank PLC and Royal Bank of Canada both having Standard & Poor's credit rating of A-1+, and BNP Paribas SA and Deutsche Bank both having Standard & Poors credit rating of A-1.

As at December 31, 2011, the investments categorized by country/ investment type are included in the following table:

Country/Investment Type	Percentage of Net Assets (%)
Brazil	55.37
China	32.34
India	10.07
Russia	1.87
Unrealized Depreciation on Forward Currency Contracts	(0.14)
Cash and Cash Equivalents	0.28
Other Assets, Less Liabilities	0.21
<b>Total</b>	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Japan Fundamental Index Fund (CAD-Hedged)

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5)	\$10,373,443	\$12,092,352
Cash and cash equivalents	226,051	113,516
Receivables:		
Dividends	9,565	11,837
Investment securities sold	—	813,060
Unrealized appreciation on forward currency contracts (Note 2)	445,317	8,266
<b>Total Assets</b>	<b>11,054,376</b>	<b>13,039,031</b>
<b>Liabilities</b>		
Payables:		
Management fees	6,258	8,060
Service fees	132	412
Independent review committee fees	11	85
Capital units redeemed	—	691,230
Investment securities purchased	—	5,429
Distribution	198,108	206,538
Unrealized depreciation on forward currency contracts (Note 2)	6,261	132,764
<b>Total Liabilities</b>	<b>210,770</b>	<b>1,044,518</b>
<b>Net Assets</b>	<b>\$10,843,606</b>	<b>\$11,994,513</b>
<b>Net Assets</b>		
Common Units	\$10,648,154	\$11,452,148
Advisor Class Units	195,452	542,365
<b>Total</b>	<b>\$10,843,606</b>	<b>\$11,994,513</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units	1,350,000	1,646,675
Advisor Class Units	25,000	77,687
<b>Net Assets per Unit</b>		
Common Units	\$ 7.89	\$ 6.95
Advisor Class Units	\$ 7.82	\$ 6.98

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income (a)	\$ 283,608	\$ 327,664
Securities lending income (Note 10)	2,064	882
<b>Total revenue</b>	<b>285,672</b>	<b>328,546</b>
<b>Expenses</b>		
Management fees (Note 9)	83,088	103,733
Service fees (Note 9)	4,107	5,071
Independent review committee fees	208	584
Interest and bank charges	—	153
<b>Total expenses</b>	<b>87,403</b>	<b>109,541</b>
<b>Net Investment Income</b>	<b>198,269</b>	<b>219,005</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments	(452,678)	(330,064)
Net realized gain (loss) on forward currency contracts	840,427	(1,949,063)
Net realized gain (loss) on foreign exchange transactions	(37,860)	566,043
Transaction costs (Notes 2 and 13)	(3,885)	(11,892)
Net change in unrealized appreciation/depreciation in value of investments	322,004	(1,558,571)
Net change in unrealized appreciation/depreciation in value of forward currency contracts	563,554	(138,694)
Net change in unrealized appreciation/depreciation on foreign exchange transactions	(312)	—
<b>Net realized and unrealized gain (loss) on investments</b>	<b>1,231,250</b>	<b>(3,422,241)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>	<b>\$1,429,519</b>	<b>\$(3,203,236)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units	\$1,414,737	\$(3,051,266)
Advisor Class Units	14,782	(151,970)
<b>Total</b>	<b>\$1,429,519</b>	<b>\$(3,203,236)</b>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units	\$ 0.92	\$ (1.73)
Advisor Class Units	\$ 0.22	\$ (2.00)

(a) Net of withholding taxes of \$20,975 and \$24,391, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . . .	\$11,994,513	\$10,970,223
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,429,519	(3,203,236)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	22,804	11,023,434
Payments for units redeemed . . . . .	(2,405,122)	(6,589,370)
<b>Net capital transactions</b> . . . . .	(2,382,318)	4,434,064
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(198,108)	(206,090)
Return of capital . . . . .	—	(448)
<b>Total distributions</b> . . . . .	(198,108)	(206,538)
<b>Increase (Decrease) in Net Assets</b> . . . . .	(1,150,907)	1,024,290
<b>Net Assets, End of Year</b> . . . . .	\$10,843,606	\$11,994,513
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$11,452,148	\$10,548,228
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,414,737	(3,051,266)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	22,804	10,746,472
Payments for units redeemed . . . . .	(2,047,810)	(6,589,370)
<b>Net capital transactions</b> . . . . .	(2,025,006)	4,157,102
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(193,725)	(201,916)
<b>Total distributions</b> . . . . .	(193,725)	(201,916)
<b>Increase (Decrease) in Net Assets</b> . . . . .	(803,994)	903,920
<b>Net Assets, End of Year</b> . . . . .	\$10,648,154	\$11,452,148
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$ 542,365	\$ 421,995
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	14,782	(151,970)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	—	276,962
Payments for units redeemed . . . . .	(357,312)	—
<b>Net capital transactions</b> . . . . .	(357,312)	276,962
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(4,383)	(4,174)
Return of capital . . . . .	—	(448)
<b>Total distributions</b> . . . . .	(4,383)	(4,622)
<b>Increase (Decrease) in Net Assets</b> . . . . .	(346,913)	120,370
<b>Net Assets, End of Year</b> . . . . .	\$ 195,452	\$ 542,365

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 95.67%</b>			
<b>Consumer Discretionary — 20.13%</b>			
Aisin Seiki Co. Ltd. . . . .	1,000	31,403	30,666
Benesse Holdings Inc. . . . .	300	12,533	12,385
Bridgestone Corp. . . . .	2,900	59,624	74,171
Casio Computer Co. Ltd. . . . .	1,500	11,179	13,007
Daito Trust Construction Co. Ltd. . . . .	300	22,818	28,087
Daiwa House Industry Co. Ltd. . . . .	3,000	37,776	50,991
DENSO Corp. . . . .	2,000	63,540	68,449
Dentsu Inc. . . . .	700	18,338	18,580
EDION Corp. . . . .	1,500	11,687	6,564
Fuji Heavy Industries Ltd. . . . .	4,000	25,499	49,471
Hakuhodo DY Holdings Inc. . . . .	230	11,643	14,726
Haseko Corp. . . . .	14,000	10,492	10,963
Honda Motor Co. Ltd. . . . .	6,800	239,351	246,274
Isetan Mitsukoshi Holdings Ltd. . . . .	2,000	19,574	19,369
Isuzu Motors Ltd. . . . .	5,000	20,478	29,422
J. Front Retailing Co. Ltd. . . . .	3,000	12,035	16,444
Makita Corp. . . . .	300	11,059	13,698
Marui Group Co. Ltd. . . . .	1,600	11,373	12,640
Mazda Motor Corp. . . . .	24,000	52,046	47,813
Mitsubishi Motors Corp. . . . .	27,000	35,207	27,672
Namco Bandai Holdings Inc. . . . .	800	8,419	10,290
Nikon Corp. . . . .	800	16,471	23,262
Nissan Motor Co. Ltd. . . . .	14,100	125,379	131,683
NKSJ Holdings Inc. . . . .	3,300	77,855	69,543
Nok Corp. . . . .	600	10,534	9,245
Oriental Land Co. Ltd. . . . .	100	10,247	12,045
Panasonic Corp. . . . .	22,425	268,954	134,542
Sankyo Co. Ltd. . . . .	200	10,569	7,877
Sega Sammy Holdings Inc. . . . .	800	12,934	13,404
Seisui Chemical Co. Ltd. . . . .	2,000	15,552	17,227
Seisui House Ltd. . . . .	3,700	35,027	40,094
Sharp Corp. . . . .	10,000	79,627	34,892
Sony Corp. . . . .	9,100	235,645	100,286
Sumitomo Forestry Co. Ltd. . . . .	1,300	10,252	12,186
Suzuki Motor Corp. . . . .	2,500	54,985	64,545
Takashimaya Co. Ltd. . . . .	2,000	13,819	14,072
Toyobo Co. Ltd. . . . .	8,000	11,639	11,331
Toyota Industries Corp. . . . .	800	23,126	25,123
Toyota Motor Corp. . . . .	12,800	509,555	589,601
Yamada Denki Co. Ltd. . . . .	640	41,696	24,468
Yamaha Corp. . . . .	1,200	13,224	12,534
Yamaha Motor Co. Ltd. . . . .	1,700	26,541	18,539
Yokohama Rubber Co. Ltd. (The) . . . . .	2,000	9,527	14,256
		2,339,235	2,182,437
<b>Consumer Staples — 5.61%</b>			
Aeon Co. Ltd. . . . .	6,000	69,086	68,057
Ajinomoto Co. Inc. . . . .	3,000	38,909	39,487
Asahi Group Holdings Ltd. . . . .	1,600	30,308	33,847
FamilyMart Co. Ltd. . . . .	300	11,871	12,264
Japan Tobacco Inc. . . . .	2,300	48,417	64,626
Kao Corp. . . . .	2,100	54,065	54,387
Kirin Holdings Co. Ltd. . . . .	5,000	65,543	58,269
Lawson Inc. . . . .	300	14,205	20,279
Meiji Holdings Co. Ltd. . . . .	500	20,634	21,534
Nippon Meat Packers Inc. . . . .	1,000	12,589	13,750
Nisshin Seifun Group Inc. . . . .	1,000	11,807	12,402
Nissin Foods Holdings Co. Ltd. . . . .	300	10,944	11,280
Otsuka Holdings Co. Ltd. . . . .	1,400	34,800	39,176
Seven & I Holdings Co. Ltd. . . . .	4,000	104,359	112,254
Shiseido Co. Ltd. . . . .	1,200	22,751	16,804
UNY Co. Ltd. . . . .	1,700	14,794	12,490
Yakult Honsha Co. Ltd. . . . .	400	10,128	17,366
		575,210	608,272
<b>Energy — 2.83%</b>			
Cosmo Oil Co. Ltd. . . . .	13,000	36,244	28,593
Idemitsu Kosan Co. Ltd. . . . .	300	28,767	25,772

The accompanying notes are an integral part of the financial statements.

## iShares Japan Fundamental Index Fund (CAD-Hedged) (continued)

Security	Shares	Average cost (\$)	Fair value (\$)	Security	Shares	Average cost (\$)	Fair value (\$)
<b>Energy (continued)</b>				<b>Industrials (continued)</b>			
Inpex Corp.	11	76,573	57,889	Keio Corp.	2,000	13,032	14,786
JX Holdings Inc.	28,400	175,691	157,635	Kinden Corp.	2,000	16,913	12,874
Showa Shell Sekiyu K.K.	2,000	16,328	11,216	Kintetsu Corp.	7,000	24,335	28,455
TonenGeneral Sekiyu K.K.	3,000	32,373	25,737	Komatsu Ltd.	2,600	67,983	65,331
				Kubota Corp.	2,000	19,187	22,686
		365,976	306,842	Lixil Group Corp.	1,300	28,641	28,698
<b>Financial Services — 16.53%</b>				<b>Marubeni Corp.</b>			
Bank of Kyoto Ltd. (The)	1,000	8,557	8,360		9,000	58,506	63,428
Bank of Yokohama Ltd. (The)	5,000	23,504	22,974	Mitsubishi Corp.	6,500	158,319	123,131
Chiba Bank Ltd. (The)	3,000	18,019	17,412	Mitsubishi Electric Corp.	8,000	75,312	67,159
Chugoku Bank Ltd. (The)	1,000	12,221	13,796	Mitsubishi Heavy Industries Ltd.	19,000	81,885	90,582
Credit Saison Co. Ltd.	1,200	19,471	29,627	Mitsui & Co. Ltd.	7,400	120,951	109,247
Daiwa Securities Group Inc.	10,000	46,359	54,469	Mitsui Engineering & Shipbuilding Co. Ltd.	6,000	13,068	9,120
Fukuoka Financial Group Inc.	5,000	20,144	19,749	Mitsui O.S.K. Lines Ltd.	10,000	49,338	29,135
Gunma Bank Ltd. (The)	2,000	10,429	9,673	Nagoya Railroad Co. Ltd.	4,000	11,148	10,594
Hachijuni Bank Ltd. (The)	2,000	11,016	9,903	NGK Insulators Co. Ltd.	1,000	15,989	11,688
Hokukoku Financial Group Inc.	7,000	12,720	10,157	Nippon Express Co. Ltd.	8,000	31,967	32,612
Joyo Bank Ltd. (The)	3,000	12,470	14,130	Nippon Sheet Glass Co. Ltd.	12,000	27,427	15,477
Mitsubishi Estate Co. Ltd.	2,000	36,552	47,168	Nippon Yusen K.K.	16,000	56,256	36,850
Mitsubishi UFJ Financial Group Inc.	77,000	384,002	407,884	NSK Ltd.	2,000	14,944	14,003
Mitsui Fudosan Co. Ltd.	3,000	53,717	72,134	NTN Corp.	3,000	12,904	7,980
Mizuho Financial Group Inc.	128,000	226,262	229,944	Obayashi Corp.	5,000	24,390	27,868
MS & AD Insurance Group Holdings Inc.	3,900	85,101	76,394	Odakyu Electric Railway Co. Ltd.	2,000	17,845	20,682
Nomura Holdings Inc.	18,100	101,604	104,842	SECOM Co. Ltd.	600	27,442	29,918
Orix Corp.	600	54,159	66,883	Seino Holdings Co. Ltd.	2,000	14,043	12,575
Resona Holdings Inc.	8,200	43,427	36,921	Shimizu Corp.	6,000	25,156	22,317
SBI Holdings Inc.	1,450	17,372	12,690	SMC Corp.	100	16,034	17,884
Shinsei Bank Ltd.	15,000	19,120	29,538	Sojitz Corp.	30,400	58,825	44,110
Shizuoka Bank Ltd. (The)	2,000	17,904	19,369	Sumitomo Corp.	6,000	78,769	75,934
Sumitomo Mitsui Financial Group Inc.	7,700	256,168	275,322	Sumitomo Electric Industries Ltd.	3,900	50,905	44,327
Sumitomo Mitsui Trust Holdings Inc.	7,920	28,618	27,361	Sumitomo Heavy Industries Ltd.	3,000	18,397	14,061
Sumitomo Realty & Development Co. Ltd.	1,000	24,289	32,785	Taisei Corp.	9,000	21,277	29,641
T&D Holdings Inc.	3,000	42,386	35,894	Tobu Railway Co. Ltd.	4,000	19,409	20,958
Tokio Marine Holdings Inc.	2,800	77,792	76,676	Tokyu Corp.	6,000	26,565	33,441
Tokyu Land Corp.	3,000	13,020	21,592	Toppan Printing Co. Ltd.	5,000	38,970	30,574
Yamaguchi Financial Group Inc.	1,000	8,934	8,729	Toyota Tsusho Corp.	2,000	34,279	48,688
		1,685,337	1,792,376	West Japan Railway Co.	1,000	39,085	39,153
				Yamato Transport Co. Ltd.	1,800	26,202	27,092
						2,123,629	1,967,692
<b>Health Care — 4.54%</b>				<b>Information Technology — 10.54%</b>			
Alfresa Holdings Corp.	500	20,545	19,404	Brother Industries Ltd.	1,300	16,878	13,743
Astellas Pharma Inc.	1,400	53,737	62,392	Canon Inc.	4,900	215,216	188,465
Chugai Pharmaceutical Co. Ltd.	700	12,645	13,309	Fuji Photo Film Co. Ltd.	2,800	80,199	55,524
Dai-ichi Life Insurance Co. (The)	61	88,928	84,224	Fujitsu Ltd.	16,000	89,357	66,146
Daiichi Sankyo Co. Ltd.	2,600	50,571	39,552	Hitachi Ltd.	28,000	142,550	162,509
Eisai Co. Ltd.	800	29,722	33,165	Hoya Corp.	1,600	35,354	31,120
Medipal Holdings Corp.	2,500	25,844	27,436	Ibiden Co. Ltd.	600	15,920	9,431
Olympus Corp.	1,200	28,410	23,008	Keyence Corp.	110	28,585	30,186
Ono Pharmaceutical Co. Ltd.	300	14,709	15,183	Konica Minolta Holdings Inc.	3,000	26,714	21,281
Shionogi & Co. Ltd.	1,000	16,036	16,548	Kyocera Corp.	800	74,412	71,581
Suzuken Co. Ltd.	500	14,163	13,980	Murata Manufacturing Co. Ltd.	700	42,903	40,466
Takeda Pharmaceutical Co. Ltd.	2,700	125,549	119,861	NEC Corp.	43,000	105,651	89,131
Terumo Corp.	300	15,377	11,763	Nidec Corp.	200	16,992	11,516
Toho Holdings Co. Ltd.	700	11,788	12,164	Nintendo Co. Ltd.	600	109,912	63,014
		508,024	491,989	Nippon Electric Glass Co. Ltd.	2,000	21,203	11,216
				Nomura Research Institute Ltd.	600	12,413	12,375
<b>Industrials — 18.15%</b>				<b>NTT Data Corp.</b>			
All Nippon Airways Co. Ltd.	4,000	13,631	8,337		6	19,227	18,559
Amada Co. Ltd.	2,000	14,599	12,782	Omrn Corp.	1,000	25,231	23,630
Asahi Glass Co. Ltd.	6,000	58,368	43,115	Ricoh Co. Ltd.	6,000	64,187	62,599
Central Japan Railway Co.	900	72,302	72,341	Rohm Co. Ltd.	600	33,377	19,229
Dai Nippon Printing Co. Ltd.	4,000	47,854	31,000	Seiko Epson Corp.	1,600	25,245	12,805
Daikin Industries Ltd.	1,000	33,118	33,879	TDK Corp.	500	26,483	17,878
East Japan Railway Co.	1,700	104,922	109,042	Tokyo Electron Ltd.	400	23,286	18,103
Fanuc Corp.	200	31,002	36,643	Toshiba Corp.	24,000	114,162	92,862
Fuji Electric Co. Ltd.	5,000	13,691	12,149			1,365,457	1,143,369
Fujikura Ltd.	4,000	17,464	12,299	<b>Materials — 7.22%</b>			
Furukawa Electric Co. Ltd. (The)	6,000	21,856	13,266	Asahi Kasei Corp.	6,000	37,046	35,031
Hankyu Hanshin Holdings Inc.	7,000	31,926	35,871	Daicel Corp.	2,000	11,179	12,990
HANWA Co. Ltd.	3,000	12,282	11,573	Denki Kagaku Kogyo K.K.	3,000	12,497	10,088
IHI Corp.	8,000	16,249	20,360	DIC Corp.	8,000	14,780	14,648
ITOCHU Corp.	6,500	61,735	67,816	Dowa Holdings Co. Ltd.	2,000	11,582	12,759
JGC Corp.	1,000	33,612	30,804	JFE Holdings Inc.	4,500	123,365	83,016
JTEKT Corp.	2,500	28,280	23,406	JSR Corp.	600	10,747	11,311
Kajima Corp.	8,000	23,358	26,164	Kobe Steel Ltd.	26,000	51,645	32,635
Kawasaki Heavy Industries Ltd.	7,000	23,040	18,701	Kuraray Co. Ltd.	1,400	18,438	18,121
Kawasaki Kisen Kaisha Ltd.	10,000	28,642	15,085				

The accompanying notes are an integral part of the financial statements.

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Materials (continued)</b>			
Mitsubishi Chemical Holdings Corp. ....	10,000	56,485	48,941
Mitsubishi Gas Chemical Co. Inc. ....	2,000	13,074	12,045
Mitsubishi Materials Corp. ....	8,000	23,572	26,808
Mitsui Chemicals Inc. ....	8,000	27,396	20,544
Mitsui Mining & Smelting Co. Ltd. ....	5,000	14,628	12,149
Nippon Paper Group Inc. ....	1,200	28,908	16,417
Nippon Steel & Sumitomo Metal Corp. ....	39,000	126,865	94,313
Nisshin Steel Holdings Co. Ltd. ....	700	7,455	6,368
Nitto Denko Corp. ....	500	22,109	24,240
Oji Holdings Corp. ....	6,000	28,068	20,452
Shin-Etsu Chemicals Co. Ltd. ....	1,200	61,618	72,272
Showa Denko K.K. ....	8,000	16,808	11,976
Sumitomo Chemical Co. Ltd. ....	9,000	41,470	27,776
Sumitomo Metal Mining Co. Ltd. ....	3,000	48,973	41,664
Taiheiyu Cement Corp. ....	7,000	11,179	18,943
Taiyo Nippon Sanso Corp. ....	2,000	14,920	11,377
Teijin Ltd. ....	6,000	22,081	14,648
Toray Industries Inc. ....	5,000	33,013	30,286
Tosoh Corp. ....	5,000	15,579	11,804
Toyo Seikan Kaisha Ltd. ....	1,300	21,769	17,231
Ube Industries Ltd. ....	5,000	13,380	11,861
		<u>940,629</u>	<u>782,714</u>
<b>Telecommunication Services — 4.91%</b>			
KDDI Corp. ....	2,000	125,058	140,030
Nippon Telegraph & Telephone Corp. ....	4,200	191,778	175,326
NTT DoCoMo Inc. ....	89	151,297	127,087
Softbank Corp. ....	2,500	80,076	90,254
		<u>548,209</u>	<u>532,697</u>
<b>Utilities — 5.21%</b>			
Chubu Electric Power Co. Inc. ....	5,100	106,966	67,187
Chugoku Electric Power Co. Inc. (The) ....	2,100	39,444	32,671
Electric Power Development Co. Ltd. ....	1,300	38,200	30,644
Hokkaido Electric Power Co. Inc. ....	1,500	27,682	18,033
Hokuriku Electric Power Co. ....	1,100	24,821	12,933
Kansai Electric Power Co. Inc. ....	6,500	127,996	67,666
Kyushu Electric Power Co. Inc. ....	4,100	74,686	46,364
Osaka Gas Co. Ltd. ....	10,000	37,246	36,044
Shikoku Electric Power Co. Inc. ....	800	22,528	12,621
Toho Gas Co. Ltd. ....	2,000	10,359	10,640
Tohoku Electric Power Co. Inc. ....	4,900	74,341	45,311
Tokyo Electric Power Co. Inc. (The) ....	57,200	238,207	135,032
Tokyo Gas Co. Ltd. ....	11,000	48,730	49,909
		<u>871,206</u>	<u>565,055</u>
<b>Total Equities — 95.67%</b> .....		<u>11,322,912</u>	<u>10,373,443</u>
<b>Transaction costs (Note 2)</b> .....		<u>(5,135)</u>	<u>—</u>
<b>Total Investments — 95.67%</b> .....		<u>11,317,777</u>	<u>10,373,443</u>
<b>Unrealized Appreciation on Forward Currency Contracts (Schedule A) — 4.05%</b> .....			<u>439,056</u>
<b>Cash and Cash Equivalents — 2.08%</b> .....			<u>226,051</u>
<b>Other Assets, Less Liabilities — (1.80)%</b> .....			<u>(194,944)</u>
<b>Net Assets — 100.00%</b> .....			<u>10,843,606</u>

## Schedule A — Forward Currency Contracts (a)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy ....	806,110,000	JPY	01-08-13	9,283,891	9,284,277	386
Buy ....	16,145,000	JPY	01-08-13	191,009	185,948	(5,061)
Sell ....	(750,625,000)	JPY	01-08-13	(9,051,079)	(8,645,235)	405,844
Sell ....	(39,405,000)	JPY	01-08-13	(475,156)	(453,842)	21,314
Sell ....	(32,225,000)	JPY	01-08-13	(388,919)	(371,148)	17,771
Sell ....	(806,110,000)	JPY	02-05-13	(9,290,985)	(9,292,053)	(1,068)
Sell ....	(98,625,000)	JPY	02-05-13	(1,136,723)	(1,136,853)	(130)
						<u>439,056</u>

(a) The forward currency contracts are entered with BNP Paribas SA and UBS AG both having Standard & Poor's credit rating of A-1.

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Consumer Discretionary .....	21.16
Consumer Staples .....	6.87
Energy .....	1.78
Financial Services .....	14.39
Health Care .....	4.98
Industrials .....	20.61
Information Technology .....	11.87
Materials .....	8.36
Telecommunications Services .....	5.96
Utilities .....	4.84
Unrealized Depreciation on Forward Currency Contracts .....	(1.04)
Cash and Cash Equivalents .....	0.95
Other Assets, Less Liabilities .....	(0.73)
<b>Total</b> .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

# iShares S&P US Dividend Growers Index Fund (CAD-Hedged)

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$175,548,456	\$22,322,087
Cash and cash equivalents .....	1,193,214	102,159
Receivables:		
Dividends .....	213,656	42,959
Capital units sold .....	2,308,590	—
Unrealized appreciation on forward currency contracts (Note 2) .....	79	49,965
<b>Total Assets</b> .....	<b>179,263,995</b>	<b>22,517,170</b>
<b>Liabilities</b>		
Payables:		
Management fees .....	96,334	11,898
Service fees .....	11,564	1,519
Independent review committee fees .....	167	13
Investment securities purchased .....	2,290,873	—
Distribution .....	288,800	45,950
Unrealized depreciation on forward currency contracts (Note 2) .....	392,220	22,537
<b>Total Liabilities</b> .....	<b>3,079,958</b>	<b>81,917</b>
<b>Net Assets</b> .....	<b>\$176,184,037</b>	<b>\$22,435,253</b>
<b>Net Assets</b>		
Common Units .....	\$159,968,378	\$20,298,559
Advisor Class Units .....	16,215,659	2,136,694
<b>Total</b> .....	<b>\$176,184,037</b>	<b>\$22,435,253</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	6,900,000	950,000
Advisor Class Units .....	700,000	100,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 23.18	\$ 21.37
Advisor Class Units .....	\$ 23.17	\$ 21.37

## Statements of Operations

For the periods ended December 31

	2012	2011 <sup>(a)</sup>
<b>Revenue</b>		
Dividend income <sup>(b)</sup> .....	\$3,216,790	\$ 153,541
Interest income .....	—	2
Securities lending income (Note 10) .....	19,693	228
<b>Total revenue</b> .....	<b>3,236,483</b>	<b>153,771</b>
<b>Expenses</b>		
Management fees (Note 9) .....	672,429	29,414
Service fees (Note 9) .....	111,554	4,584
Independent review committee fees .....	1,100	37
<b>Total expenses</b> .....	<b>785,083</b>	<b>34,035</b>
<b>Net Investment Income</b> .....	<b>2,451,400</b>	<b>119,736</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	1,644,640	343,240
Net realized gain (loss) on forward currency contracts .....	2,312,707	(133,639)
Net realized gain on foreign exchange transactions .....	42,288	—
Transaction costs (Notes 2 and 13) .....	(5,026)	(1,810)
Net change in unrealized appreciation/depreciation in value of investments .....	3,940,219	1,050,669
Net change in unrealized appreciation/depreciation in value of forward currency contracts .....	(419,569)	27,428
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	2,537	(320)
<b>Net realized and unrealized gain on investments</b> .....	<b>7,517,796</b>	<b>1,285,568</b>
<b>Increase in Net Assets from Operations</b> .....	<b>\$9,969,196</b>	<b>\$1,405,304</b>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$8,215,027	\$1,240,340
Advisor Class Units .....	1,754,169	164,964
<b>Total</b> .....	<b>\$9,969,196</b>	<b>\$1,405,304</b>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 2.15	\$ 2.07
Advisor Class Units .....	\$ 3.00	\$ 1.92

<sup>(a)</sup> The Fund commenced operations on September 13, 2011.

<sup>(b)</sup> Net of withholding taxes of \$567,137 and \$26,954, respectively.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the periods ended December 31

	2012	2011 (a)
<b>Net Assets, Beginning of Period</b>	\$ 22,435,253	\$ —
<b>Increase in Net Assets from Operations</b>	9,969,196	1,405,304
<b>Capital Transactions</b>		
Proceeds from issuance of units	155,360,473	21,162,748
Reinvestment of distributions	4,123,474	117,435
Payments for units redeemed	(9,341,210)	—
<b>Net capital transactions</b>	150,142,737	21,280,183
<b>Distributions (Note 7)</b>		
From net investment income	(1,910,575)	(74,332)
From capital gains	(4,436,574)	(156,597)
Return of capital	(16,000)	(19,305)
<b>Total distributions</b>	(6,363,149)	(250,234)
<b>Increase in Net Assets</b>	153,748,784	22,435,253
<b>Net Assets, End of Period</b>	\$176,184,037	\$22,435,253
<b>Common Units:</b>		
<b>Net Assets, Beginning of Period</b>	\$ 20,298,559	\$ —
<b>Increase in Net Assets from Operations</b>	8,215,027	1,240,340
<b>Capital Transactions</b>		
Proceeds from issuance of units	133,497,762	19,180,218
Reinvestment of distributions	3,830,440	107,825
<b>Net capital transactions</b>	137,328,202	19,288,043
<b>Distributions (Note 7)</b>		
From net investment income	(1,794,900)	(71,475)
From capital gains	(4,062,510)	(139,044)
Return of capital	(16,000)	(19,305)
<b>Total distributions</b>	(5,873,410)	(229,824)
<b>Increase in Net Assets</b>	139,669,819	20,298,559
<b>Net Assets, End of Period</b>	\$159,968,378	\$20,298,559
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Period</b>	\$ 2,136,694	\$ —
<b>Increase in Net Assets from Operations</b>	1,754,169	164,964
<b>Capital Transactions</b>		
Proceeds from issuance of units	21,862,711	1,982,530
Reinvestment of distributions	293,034	9,610
Payments for units redeemed	(9,341,210)	—
<b>Net capital transactions</b>	12,814,535	1,992,140
<b>Distributions (Note 7)</b>		
From net investment income	(115,675)	(2,857)
From capital gains	(374,064)	(17,553)
<b>Total distributions</b>	(489,739)	(20,410)
<b>Increase in Net Assets</b>	14,078,965	2,136,694
<b>Net Assets, End of Period</b>	\$ 16,215,659	\$ 2,136,694

(a) The Fund commenced operations on September 13, 2011.

## Statement of Investments

As at December 31, 2012

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.63%</b>			
<b>Consumer Discretionary — 12.52%</b>			
Family Dollar Stores Inc.	17,721	1,177,497	1,118,857
Genuine Parts Co.	49,049	3,039,277	3,103,661
Leggett & Platt Inc.	142,591	3,290,494	3,866,057
Lowe's Cos. Inc.	62,938	1,813,400	2,225,945
McDonald's Corp.	33,634	3,076,895	2,955,102
McGraw-Hill Companies Inc. (The)	31,320	1,501,300	1,704,902
Sherwin-Williams Co.	6,527	896,340	999,666
Stanley Black & Decker Inc.	34,017	2,331,806	2,505,418
Target Corp.	34,199	2,001,235	2,014,513
V.F. Corp.	10,367	1,504,310	1,558,376
		20,632,554	22,052,497
<b>Consumer Staples — 20.67%</b>			
Archer-Daniels-Midland Co.	85,132	2,439,784	2,320,891
Avon Products Inc.	312,271	4,856,846	4,468,039
Brown-Forman Corp., Class 'B'	20,285	1,300,800	1,276,701
Clorox Co.	44,604	3,173,374	3,252,306
Coca-Cola Co. (The)	65,211	2,402,792	2,355,033
Colgate-Palmolive Co.	19,883	1,991,734	2,070,027
Hormel Foods Corp.	66,014	1,908,141	2,050,123
Kimberly-Clark Corp.	37,331	2,978,016	3,137,188
McCormick & Co. Inc.	30,017	1,718,860	1,897,883
Pepsico Inc.	40,197	2,725,229	2,739,253
Procter & Gamble Co.	44,210	2,911,357	2,989,391
Sysco Corp.	102,417	3,053,785	3,228,579
Walgreen Co.	77,854	2,637,192	2,870,537
Wal-Mart Stores Inc.	26,363	1,733,475	1,791,800
		35,831,385	36,447,751
<b>Energy — 2.81%</b>			
Chevron Corp.	25,544	2,805,644	2,752,485
Exxon Mobil Corp.	25,394	2,163,693	2,189,664
		4,969,337	4,942,149
<b>Financial Services — 15.80%</b>			
Aflac Inc.	53,077	2,405,430	2,806,798
Chubb Corp. (The)	25,840	1,851,204	1,937,900
Cincinnati Financial Corp.	79,566	2,854,682	3,100,822
Commerce Bancshares Inc.	41,147	1,508,469	1,436,820
Eaton Vance Corp.	73,734	1,994,671	2,336,861
Federal Realty Investment Trust	23,926	2,422,594	2,478,081
Franklin Resources Inc.	6,311	732,295	789,882
HCP Inc.	92,191	3,918,448	4,145,443
Mercury General Corp.	10,538	455,839	416,455
National Retail Properties Inc.	86,441	2,607,484	2,684,502
Old Republic International Corp.	211,214	2,062,172	2,239,757
SEI Investments Co.	61,342	1,305,500	1,426,177
T. Rowe Price Group Inc.	31,358	1,940,815	2,033,252
		26,059,603	27,832,750
<b>Health Care — 8.17%</b>			
Abbott Laboratories	39,813	2,449,788	2,596,935
Becton, Dickinson & Co.	27,732	2,116,355	2,159,317
C.R. Bard Inc.	7,054	724,271	686,423
Cardinal Health Inc.	55,278	2,323,532	2,266,560
Clarcor Inc.	25,152	1,173,320	1,195,593
Johnson & Johnson	48,269	3,239,882	3,369,107
Medtronic Inc.	51,954	2,047,899	2,121,989
		14,075,047	14,395,924
<b>Industrials — 14.60%</b>			
3M Co.	25,528	2,242,642	2,360,083
Carlisle Cos. Inc.	27,566	1,475,964	1,612,813
Cintas Corp.	28,910	1,127,271	1,176,759
Dover Corp.	39,430	2,309,618	2,581,767
Emerson Electric Co.	63,529	3,108,478	3,351,294
General Dynamics Corp.	43,259	2,841,638	2,983,666
Illinois Tool Works Inc.	40,466	2,254,233	2,450,559

The accompanying notes are an integral part of the financial statements.

## iShares S&P US Dividend Growers Index Fund (CAD-Hedged) (continued)

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Industrials (continued)</b>			
Nordson Corp. ....	16,710	915,851	1,050,200
Pentair Ltd. ....	42,271	1,748,011	2,068,686
Pitney Bowes Inc. ....	322,179	4,829,723	3,413,244
Sonoco Products Co. ....	45,406	1,417,607	1,344,116
W.W. Grainger Inc. ....	6,642	1,352,982	1,338,229
		<u>25,624,018</u>	<u>25,731,416</u>
<b>Information Technology — 2.34%</b>			
Automatic Data Processing Inc. ....	42,815	2,368,961	2,429,961
Diebold Inc. ....	55,333	1,891,327	1,684,807
		<u>4,260,288</u>	<u>4,114,768</u>
<b>Materials — 10.35%</b>			
Air Products and Chemicals Inc. ....	34,985	2,908,978	2,927,148
Bemis Co. Inc. ....	74,785	2,361,179	2,492,291
Ecolab Inc. ....	17,310	1,175,279	1,239,065
Nucor Corp. ....	91,638	3,657,818	3,938,089
PPG Industries Inc. ....	16,688	1,729,184	2,248,842
RPM International Inc. ....	62,046	1,622,191	1,814,455
Sigma-Aldrich Corp. ....	14,368	1,031,465	1,052,508
Valspar Corp. (The) ....	23,423	1,253,825	1,455,310
Vectren Corp. ....	36,297	1,055,786	1,061,820
		<u>16,795,705</u>	<u>18,229,528</u>
<b>Telecommunication Services — 3.02%</b>			
AT&T Inc. ....	121,375	4,057,476	4,075,166
Telephone and Data Systems Inc. ....	56,816	1,353,141	1,251,932
		<u>5,410,617</u>	<u>5,327,098</u>
<b>Utilities — 9.35%</b>			
Aqua America Inc. ....	68,792	1,768,823	1,741,858
Atmos Energy Corp. ....	40,897	1,477,492	1,430,127
Consolidated Edison Inc. ....	62,573	3,716,282	3,459,115
Energen Corp. ....	19,610	939,202	880,413
MDU Resources Group Inc. ....	62,717	1,403,168	1,324,508
National Fuel Gas Co. ....	36,247	1,794,325	1,829,460
Piedmont Natural Gas Co. Inc. ....	26,811	848,655	835,042
Questar Corp. ....	104,581	2,074,199	2,057,635
UGI Corp. ....	56,186	1,757,643	1,830,501
WGL Holdings Inc. ....	27,850	1,121,051	1,085,916
		<u>16,900,840</u>	<u>16,474,575</u>
<b>Total Equities — 99.63%</b> .....		<u>170,559,394</u>	<u>175,548,456</u>
<b>Transaction costs (Note 2)</b> .....		<u>(1,825)</u>	<u>—</u>
<b>Total Investments — 99.63%</b> .....		<u>170,557,569</u>	<u>175,548,456</u>
<b>Unrealized Depreciation on Forward Currency Contracts (Schedule A) — (0.22)%</b> .....			
			<u>(392,141)</u>
<b>Cash and Cash Equivalents — 0.68%</b> .....			<u>1,193,214</u>
<b>Other Assets, Less Liabilities — (0.09)%</b> .....			<u>(165,492)</u>
<b>Net Assets — 100.00%</b> .....			<u>176,184,037</u>

## Schedule A — Forward Currency Contracts (a)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy ....	1,520,000	USD	02-05-13	1,514,464	1,514,543	79
Buy ....	176,390,000	USD	01-04-13	175,638,579	175,635,345	(3,234)
Sell ....	(1,000,000)	USD	01-04-13	(993,722)	(995,722)	(2,000)
Sell ....	(1,480,000)	USD	01-04-13	(1,471,076)	(1,473,668)	(2,592)
Sell ....	(2,290,000)	USD	01-04-13	(2,276,146)	(2,280,203)	(4,057)
Sell ....	(2,330,000)	USD	01-04-13	(2,315,274)	(2,320,031)	(4,757)
Sell ....	(2,875,000)	USD	01-04-13	(2,855,565)	(2,862,700)	(7,135)
Sell ....	(176,390,000)	USD	02-05-13	(175,747,588)	(175,756,760)	(9,172)
Sell ....	(4,690,000)	USD	01-04-13	(4,629,687)	(4,669,935)	(40,248)
Sell ....	(4,620,000)	USD	01-04-13	(4,559,547)	(4,600,234)	(40,687)
Sell ....	(157,105,000)	USD	01-04-13	(156,154,515)	(156,432,853)	(278,338)
						<u>(392,141)</u>

(a) The forward currency contracts are entered with HSBC Bank PLC having Standard & Poor's credit rating of A-1+ and BNP Paribas SA, Deutsche Bank AG and UBS AG all having Standard & Poor's credit rating of A-1.

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Consumer Discretionary .....	13.28
Consumer Staples .....	18.61
Energy .....	1.35
Financial Services .....	19.15
Health Care .....	6.85
Industrials .....	12.96
Information Technology .....	2.97
Materials .....	10.99
Telecommunications Services .....	3.40
Utilities .....	9.94
Unrealized Appreciation on Forward Currency Contracts .....	0.12
Cash and Cash Equivalents .....	0.45
Other Assets, Less Liabilities .....	(0.07)
<b>Total</b> .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares US Fundamental Index Fund

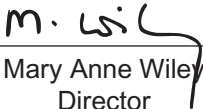
## Statements of Net Assets

As at December 31

	2012	2011		2012	2011
<b>Assets</b>			<b>Number of Units Issued and Outstanding (Note 6)</b>		
Investments, at fair value (Notes 2 and 5) . . . . .	\$197,898,881	\$168,829,285	CAD-hedged Common Units . . .	6,400,000	7,312,854
Cash and cash equivalents . . . . .	2,428,376	400,976	CAD-hedged Advisor Class Units . . . . .	800,000	881,659
Receivables:			CAD-hedged Institutional Class Units . . . . .	—	150,217
Dividends . . . . .	213,579	249,156	Non-hedged Common Units . . . .	3,600,000	1,615,000
Capital units sold . . . . .	1,562,400	—	Non-hedged Advisor Class Units . . . . .	275,000	200,000
Unrealized appreciation on forward currency contracts (Note 2) . . . .	25,920	6,083	Non-hedged Institutional Class Units . . . . .	—	144,702
<b>Total Assets</b> . . . . .	<u>202,129,156</u>	<u>169,485,500</u>	<b>Net Assets per Unit</b>		
<b>Liabilities</b>			CAD-hedged Common Units . . . \$	18.99	\$ 16.67
Payables:			CAD-hedged Advisor Class Units . . . . . \$	18.90	\$ 16.59
Management fees . . . . .	120,431	98,526	CAD-hedged Institutional Class Units . . . . . \$	—	\$ 17.02
Service fees . . . . .	13,817	12,850	Non-hedged Common Units . . . . \$	15.88	\$ 14.24
Independent review committee fees . . . . .	229	1,358	Non-hedged Advisor Class Units . . . . . \$	15.83	\$ 14.21
Investment securities purchased . . . . .	1,587,647	—	Non-hedged Institutional Class Units . . . . . \$	—	\$ 18.96
Distribution . . . . .	1,961,162	1,544,087			
Unrealized depreciation on forward currency contracts (Note 2) . . . .	251,839	127,336			
<b>Total Liabilities</b> . . . . .	<u>3,935,125</u>	<u>1,784,157</u>			
<b>Net Assets</b> . . . . .	<u>\$198,194,031</u>	<u>\$167,701,343</u>			
<b>Net Assets</b>					
CAD-hedged Common Units . . .	\$121,546,160	\$121,938,160			
CAD-hedged Advisor Class Units . . . . .	15,119,387	14,626,205			
CAD-hedged Institutional Class Units . . . . .	—	2,556,341			
Non-hedged Common Units . . . .	57,174,999	22,993,917			
Non-hedged Advisor Class Units . . . . .	4,353,485	2,842,929			
Non-hedged Institutional Class Units . . . . .	—	2,743,791			
<b>Total</b> . . . . .	<u>\$198,194,031</u>	<u>\$167,701,343</u>			

Approved on behalf of the trustee  
**BlackRock Asset Management Canada Limited**

  
 Noel Archard  
 Director

  
 Mary Anne Wiley  
 Director

The accompanying notes are an integral part of the financial statements.





## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income <sup>(a)</sup> .....	\$ 5,190,595	\$ 4,235,614
Interest income .....	772	—
Securities lending income (Note 10) .....	35,800	20,062
Miscellaneous income .....	—	10,138
Total revenue .....	<u>5,227,167</u>	<u>4,265,814</u>
<b>Expenses</b>		
Management fees (Note 9) .....	1,342,938	1,128,039
Service fees (Note 9) .....	157,341	143,043
Independent review committee fees .....	2,269	7,491
Total expenses .....	<u>1,502,548</u>	<u>1,278,573</u>
<b>Net Investment Income</b> .....	<u>3,724,619</u>	<u>2,987,241</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	6,349,917	3,846,521
Net realized gain on forward currency contracts .....	3,614,347	1,358,369
Net realized loss on foreign exchange transactions .....	(18,496)	(8,181)
Transaction costs (Notes 2 and 13) ..	(26,903)	(29,742)
Net change in unrealized appreciation/depreciation in value of investments .....	12,894,138	(5,677,170)
Net change in unrealized appreciation/depreciation in value of forward currency contracts .....	(104,666)	(4,348,487)
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	3,585	1,749
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>22,711,922</u>	<u>(4,856,941)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$26,436,541</u>	<u>\$(1,869,700)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
CAD-hedged Common Units .....	\$18,731,831	\$(2,411,767)
CAD-hedged Advisor Class Units .....	2,125,913	(368,061)
CAD-hedged Institutional Class Units .....	367,326	755,907
Non-hedged Common Units .....	4,457,080	56,431
Non-hedged Advisor Class Units ..	428,694	12,506
Non-hedged Institutional Class Units .....	325,697	85,284
Total .....	<u>\$26,436,541</u>	<u>\$(1,869,700)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
CAD-hedged Common Units .....	\$ 2.67	\$ (0.34)
CAD-hedged Advisor Class Units .....	\$ 2.49	\$ (0.42)
CAD-hedged Institutional Class Units .....	\$ 2.45	\$ 2.48
Non-hedged Common Units .....	\$ 1.66	\$ 0.04
Non-hedged Advisor Class Units ..	\$ 1.77	\$ 0.08
Non-hedged Institutional Class Units .....	\$ 2.25	\$ 0.49

<sup>(a)</sup> Net of withholding taxes of \$713,741 and \$606,540, respectively.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$167,701,343	\$150,926,455
<b>Increase (Decrease) in Net Assets from Operations</b> .....	26,436,541	(1,869,700)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	38,108,179	34,738,949
Reinvestment of distributions .....	4,920,274	51,666
Payments for units redeemed .....	(30,381,313)	(13,304,522)
<b>Net capital transactions</b> .....	<u>12,647,140</u>	<u>21,486,093</u>
<b>Distributions (Note 7)</b>		
From net investment income .....	(3,623,340)	(2,784,248)
From capital gains .....	(4,959,481)	—
Return of capital .....	(8,172)	(57,257)
<b>Total distributions</b> .....	<u>(8,590,993)</u>	<u>(2,841,505)</u>
<b>Increase in Net Assets</b> .....	<u>30,492,688</u>	<u>16,774,888</u>
<b>Net Assets, End of Year</b> .....	<u>\$198,194,031</u>	<u>\$167,701,343</u>
<b>CAD-hedged Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$121,938,160	\$111,218,133
<b>Increase (Decrease) in Net Assets from Operations</b> .....	18,731,831	(2,411,767)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	6,453,007	15,203,665
Reinvestment of distributions .....	4,122,880	—
Payments for units redeemed .....	(23,018,265)	—
<b>Net capital transactions</b> .....	<u>(12,442,378)</u>	<u>15,203,665</u>
<b>Distributions (Note 7)</b>		
From net investment income .....	(2,553,009)	(2,071,871)
From capital gains .....	(4,122,880)	—
Return of capital .....	(5,564)	—
<b>Total distributions</b> .....	<u>(6,681,453)</u>	<u>(2,071,871)</u>
<b>Increase (Decrease) in Net Assets</b> .....	<u>(392,000)</u>	<u>10,720,027</u>
<b>Net Assets, End of Year</b> .....	<u>\$121,546,160</u>	<u>\$121,938,160</u>

The accompanying notes are an integral part of the financial statements.

## iShares US Fundamental Index Fund (continued)

	2012	2011		2012	2011	
<b>CAD-hedged Advisor Class Units:</b>			<b>Non-hedged Advisor Class Units:</b>			
<b>Net Assets, Beginning of Year</b> . . .	\$ 14,626,205	\$ 14,777,524	<b>Net Assets, Beginning of Year</b> . . .	\$ 2,842,929	\$ 1,212,668	
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	2,125,913	(368,061)	<b>Increase in Net Assets from Operations</b> . . . . .	428,694	12,506	
<b>Capital Transactions</b>			<b>Capital Transactions</b>			
Proceeds from issuance of units . . .	—	355,162	Proceeds from issuance of units . . .	1,125,750	1,655,515	
Reinvestment of distributions . . . . .	480,256	—	Reinvestment of distributions . . . . .	26,568	—	
Payment of redemption of units . . .	(1,450,629)	—	<b>Net capital transactions</b> . . . . .	1,152,318	1,655,515	
<b>Net capital transactions</b> . . . . .	(970,373)	355,162	<b>Distributions (Note 7)</b>			
<b>Distributions (Note 7)</b>			From net investment income . . . . .	(43,728)	(37,760)	
From net investment income . . . . .	(181,430)	(110,598)	From capital gains . . . . .	(26,568)	—	
From capital gains . . . . .	(480,256)	—	Return of capital . . . . .	(160)	—	
Return of capital . . . . .	(672)	(27,822)	<b>Total distributions</b> . . . . .	(70,456)	(37,760)	
<b>Total distributions</b> . . . . .	(662,358)	(138,420)	<b>Increase in Net Assets</b> . . . . .	1,510,556	1,630,261	
<b>Increase (Decrease) in Net Assets</b> . . . . .	493,182	(151,319)	<b>Net Assets, End of Year</b> . . . . .	\$ 4,353,485	\$ 2,842,929	
<b>Net Assets, End of Year</b> . . . . .	\$ 15,119,387	\$ 14,626,205	<b>Non-hedged Institutional Class Units:</b>			
<b>CAD-hedged Institutional Class Units:</b>			<b>Net Assets, Beginning of Year</b> . . .	\$ 2,743,791	\$ 3,236,544	
<b>Net Assets, Beginning of Year</b> . . .	\$ 2,556,341	\$ 11,842,156	<b>Increase in Net Assets from Operations</b> . . . . .	325,697	85,284	
<b>Increase in Net Assets from Operations</b> . . . . .	367,326	755,907	<b>Capital Transactions</b>			
<b>Capital Transactions</b>			Proceeds from issuance of units . . .	—	2,500,000	
Reinvestment of distributions . . . . .	—	36,523	Reinvestment of distributions . . . . .	—	15,143	
Payments for units redeemed . . . . .	(2,884,460)	(10,005,729)	Payments for units redeemed . . . . .	(3,027,959)	(3,024,935)	
<b>Net capital transactions</b> . . . . .	(2,884,460)	(9,969,206)	<b>Net capital transactions</b> . . . . .	(3,027,959)	(509,792)	
<b>Distributions (Note 7)</b>			<b>Distributions (Note 7)</b>			
From net investment income . . . . .	—	(63,452)	From net investment income . . . . .	(41,529)	(68,245)	
From capital gains . . . . .	(39,207)	—	<b>Total distributions</b> . . . . .	(41,529)	(68,245)	
Return of capital . . . . .	—	(9,064)	<b>Decrease in Net Assets</b> . . . . .	(2,743,791)	(492,753)	
<b>Total distributions</b> . . . . .	(39,207)	(72,516)	<b>Net Assets, End of Year</b> . . . . .	\$ —	\$ 2,743,791	
<b>Decrease in Net Assets</b> . . . . .	(2,556,341)	(9,285,815)	<b>Statement of Investments</b>			
<b>Net Assets, End of Year</b> . . . . .	\$ —	\$ 2,556,341	As at December 31, 2012			
<b>Non-hedged Common Units:</b>						
<b>Net Assets, Beginning of Year</b> . . .	\$ 22,993,917	\$ 8,639,430	<b>Security</b>	<b>Shares/Units</b>	<b>Average cost (\$)</b>	<b>Fair value (\$)</b>
<b>Increase in Net Assets from Operations</b> . . . . .	4,457,080	56,431	<b>Equities — 99.85%</b>			
<b>Capital Transactions</b>			<b>Consumer Discretionary — 11.20%</b>			
Proceeds from issuance of units . . .	30,529,422	15,024,607	Abercrombie & Fitch Co., Class 'A'	1,306	54,331	62,379
Reinvestment of distributions . . . . .	290,570	—	ABM Industries Inc. . . . .	1,204	28,068	23,917
Payments for units redeemed . . . . .	—	(273,858)	ADT Corp. (The) . . . . .	3,456	123,054	160,047
<b>Net capital transactions</b> . . . . .	30,819,992	14,750,749	Advance Auto Parts Inc. . . . .	606	37,329	43,662
<b>Distributions (Note 7)</b>			Aeropostale Inc. . . . .	1,505	33,441	19,481
From net investment income . . . . .	(803,644)	(432,322)	Amazon.com Inc. . . . .	991	165,142	247,938
From capital gains . . . . .	(290,570)	—	American Eagle Outfitters Inc. . . . .	3,873	58,752	79,094
Return of capital . . . . .	(1,776)	(20,371)	Apollo Group Inc., Class 'A'	1,707	75,994	35,557
<b>Total distributions</b> . . . . .	(1,095,990)	(452,693)	Ascena Retail Group Inc. . . . .	1,406	21,572	25,871
<b>Increase in Net Assets</b> . . . . .	34,181,082	14,354,487	Autoliv Inc. . . . .	1,310	77,842	87,901
<b>Net Assets, End of Year</b> . . . . .	\$ 57,174,999	\$ 22,993,917	AutoNation Inc. . . . .	2,940	73,813	116,216
			AutoZone Inc. . . . .	185	50,770	65,299
			Barnes & Noble Inc. . . . .	2,709	35,624	40,649
			Bed Bath & Beyond Inc. . . . .	2,079	101,963	115,675
			Best Buy Co. Inc. . . . .	15,005	452,054	176,895
			Big Lots Inc. . . . .	1,202	44,189	34,038
			BorgWarner Inc. . . . .	748	45,043	53,341
			Boyd Gaming Corp. . . . .	3,404	25,829	22,505

The accompanying notes are an integral part of the financial statements.



Security	Shares/Units	Average cost (\$)	Fair value (\$)	Security	Shares/Units	Average cost (\$)	Fair value (\$)
<b>Consumer Discretionary (continued)</b>				<b>Consumer Discretionary (continued)</b>			
Brinker International Inc.	1,506	29,178	46,455	Mattel Inc.	3,666	91,988	133,635
Brunswick Corp.	1,304	19,769	37,770	McDonald's Corp.	7,627	583,742	670,113
Cablevision Systems Corp., Class 'A'	5,841	112,195	86,889	McGraw-Hill Companies Inc. (The)	3,215	126,392	175,008
Career Education Corp.	3,510	46,566	12,302	Men's Wearhouse Inc. (The)	703	18,146	21,804
CarMax Inc.	2,735	74,522	102,230	MGM Resorts International	7,150	81,879	82,868
Carnival Corp.	4,889	171,302	178,947	Mohawk Industries Inc.	1,590	88,191	143,150
Carter's Inc.	501	23,795	27,766	New York Times Co. (The), Class 'A'	5,904	47,894	50,086
CBS Corp., Class 'B', Non-Voting	8,757	167,361	331,771	Newell Rubbermaid Inc.	5,304	92,234	117,612
Centene Corp.	702	16,205	28,658	News Corp., Class 'A'	17,828	286,876	453,192
Chipotle Mexican Grill Inc., Class 'A'	63	25,664	18,633	News Corp., Class 'B'	6,303	121,076	164,680
Cinemark Holdings Inc.	1,618	31,737	41,823	Nike Inc., Class 'B'	3,609	148,682	185,424
Coach Inc.	804	37,773	44,446	Nordstrom Inc.	2,154	88,912	114,743
Comcast Corp., Class 'A'	24,141	533,046	898,510	NVR Inc.	93	63,649	86,178
Comcast Corp., Special, Class 'A'	7,134	155,793	255,436	Office Depot Inc.	33,105	157,223	108,117
Cooper Tire & Rubber Co.	1,629	34,317	41,134	OfficeMax Inc.	9,717	83,190	94,430
Core-Mark Holding Co. Inc.	738	25,357	34,765	Omnicom Group Inc.	3,403	156,170	169,317
D.R. Horton Inc.	6,656	80,409	130,957	O'Reilly Automotive Inc.	867	51,480	77,211
Dana Holding Corp.	4,096	60,516	63,582	Penn National Gaming Inc.	1,243	39,417	60,781
Darden Restaurants Inc.	1,806	83,750	81,046	Penske Automotive Group Inc.	1,496	21,642	44,806
Dex One Corp.	17,029	47,681	27,129	PetSmart Inc.	959	37,094	65,266
Dick's Sporting Goods Inc.	903	29,648	40,910	Polaris Industries Inc.	404	14,485	33,830
Dillard's Inc., Class 'A'	702	25,764	58,568	Priceline.com Inc.	71	31,425	43,911
DIRECTV	6,523	270,650	325,787	PulteGroup Inc.	6,264	55,360	113,265
Discovery Communications Inc., Series 'A'	846	38,637	53,473	RadioShack Corp.	6,123	74,583	12,925
Discovery Communications Inc., Series 'C'	750	30,714	43,679	Ralph Lauren Corp.	289	29,975	43,135
DISH Network Corp., Class 'A'	2,758	61,041	99,960	Regis Corp.	1,603	30,449	26,990
Dollar General Corp.	1,302	57,897	57,184	Rent-A-Center Inc.	1,316	31,434	45,010
Dollar Tree Stores Inc.	1,522	45,332	61,467	Rite Aid Corp.	81,717	105,555	110,657
Domino's Pizza Inc.	1,130	19,374	49,000	Ross Stores Inc.	1,348	46,510	72,680
Exide Technologies	10,204	34,562	34,748	Royal Caribbean Cruises Ltd.	3,480	110,989	117,742
Expedia Inc.	1,562	78,071	95,572	Saks Inc.	5,459	55,093	57,073
Family Dollar Stores Inc.	1,357	67,642	85,677	Scotts Miracle-Gro Co. (The), Class 'A'	901	46,842	39,518
Foot Locker Inc.	2,213	37,710	70,776	Scripps Networks Interactive Inc., Class 'A'	553	26,095	31,892
Ford Motor Co.	71,376	738,097	920,345	Sears Holdings Corp.	3,276	244,764	134,847
Fossil Inc.	241	28,193	22,341	Service Corp. International	3,527	32,713	48,428
GameStop Corp., Class 'A'	4,506	93,062	112,480	Sherwin-Williams Co.	984	82,066	150,708
Gannett Co. Inc.	8,852	116,321	158,651	Signet Jewelers Ltd.	1,148	40,487	60,960
Gap Inc. (The)	6,507	146,968	200,979	Snap-On Inc.	747	39,559	58,752
General Motors Co.	15,640	422,046	448,807	Sonic Automotive Inc., Class 'A'	2,006	18,796	41,705
Gentex Corp.	1,102	28,724	20,650	Stanley Black & Decker Inc.	1,507	92,283	110,993
Genuine Parts Co.	2,202	110,019	139,335	Staples Inc.	16,643	314,458	188,749
Goodyear Tire & Rubber Co. (The)	13,103	164,755	180,044	Starbucks Corp.	2,492	81,756	133,096
Group 1 Automotive Inc.	759	25,259	46,833	Starwood Hotels & Resorts Worldwide Inc.	1,707	93,456	97,475
Guess? Inc.	902	28,993	22,013	Target Corp.	12,088	627,085	712,051
H&R Block Inc.	4,950	72,265	91,477	Tenneco Inc.	1,305	39,968	45,622
Hanesbrands Inc.	1,812	47,826	64,645	Tiffany & Co.	950	47,738	54,248
Harley-Davidson Inc.	2,405	81,820	116,979	Time Warner Cable Inc.	4,151	257,013	401,825
Harman International Industries Inc.	703	26,528	31,240	Time Warner Inc.	23,046	777,825	1,097,550
Hasbro Inc.	1,904	81,131	68,022	TJX Cos. Inc.	5,586	263,157	263,106
Home Depot Inc.	20,431	731,786	1,258,224	Toll Brothers Inc.	1,995	42,754	64,181
HSN Inc.	811	26,227	44,478	Tractor Supply Co.	333	15,009	29,304
Hyatt Hotels Corp., Class 'A'	601	24,662	23,075	TRW Automotive Holdings Corp.	3,290	135,115	175,618
IAC/InterActiveCorp.	955	28,735	44,977	Tupperware Corp.	546	28,265	34,843
International Game Technology	4,723	73,631	66,637	Urban Outfitters Inc.	1,002	31,177	39,279
Interpublic Group of Cos. Inc.	7,108	69,548	78,064	V.F. Corp.	924	96,209	138,896
J.C. Penney Co. Inc.	5,065	152,760	99,452	Valassis Communications Inc.	1,010	24,101	25,936
Jack in the Box Inc.	1,305	29,341	37,137	Viacom Inc., Class 'B'	5,284	193,026	277,480
Jarden Corp.	1,508	49,723	77,658	Virgin Media Inc.	4,716	104,198	172,615
John Wiley & Sons Inc., Class 'A'	565	26,511	21,935	Visteon Corp.	1,537	81,777	82,304
Johnson Controls Inc.	10,357	305,267	316,283	Walt Disney Co. (The)	18,299	649,318	907,007
Jones Group Inc. (The)	3,877	58,066	42,695	Warnaco Group Inc. (The)	502	26,160	35,769
KB Home	3,352	45,184	52,734	Washington Post Co., Class 'B'	114	44,058	41,326
Kohl's Corp.	3,934	199,589	168,356	Whirlpool Corp.	2,380	192,165	241,218
Lamar Advertising Co., Class 'A'	1,204	37,369	46,466	Williams Sonoma Inc.	1,135	36,750	49,443
Las Vegas Sands Corp.	934	33,446	42,919	Wyndham Worldwide Corp.	1,549	49,655	82,052
Lear Corp.	2,363	110,605	110,207	Wynn Resorts Ltd.	636	74,015	71,179
Leggett & Platt Inc.	3,049	70,779	82,667	Yum! Brands Inc.	2,721	147,780	179,952
Lennar Corp., Class 'A'	2,419	64,859	93,116			17,701,834	22,194,985
Liberty Global Inc., Class 'A'	2,203	82,513	138,236	<b>Consumer Staples — 10.25%</b>			
Liberty Global Inc., Series 'C'	1,876	72,079	109,741	Altria Group Inc.	40,672	983,590	1,272,419
Liberty Interactive Corp., Series 'A'	8,413	122,057	164,856	Ann Inc.	1,105	21,966	37,210
Liberty Media Corp. — Capital, Class 'A'	314	26,902	36,255	Archer-Daniels-Midland Co.	16,139	502,127	439,986
Liberty Ventures, Series 'A'	426	16,888	28,754	Avon Products Inc.	8,274	203,453	118,386
Limited Brands Inc.	3,826	108,004	179,277	Brown-Forman Corp., Class 'B'	921	53,671	57,966
Live Nation Inc.	4,648	45,518	43,087	Bunge Ltd.	4,856	317,331	351,126
LKQ Corp.	2,004	22,412	42,123	Campbell Soup Co.	3,240	115,808	112,525
Lowe's Cos. Inc.	20,789	520,238	735,250	Casey's General Stores Inc.	640	27,749	33,838
Macy's Inc.	7,215	173,644	280,319	Central European Distribution Corp.	6,469	37,417	13,977
Marriott International Inc., Class 'A'	3,209	113,368	119,085				

The accompanying notes are an integral part of the financial statements.

## iShares US Fundamental Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Consumer Staples (continued)</b>				<b>Energy (continued)</b>			
Chiquita Brands International Inc.	2,704	32,736	22,185	Diamond Offshore Drilling Inc.	1,580	108,558	106,915
Church & Dwight Co. Inc.	846	30,537	45,134	Dresser-Rand Group Inc.	645	26,524	36,055
Clorox Co.	1,423	98,035	103,758	EOG Resources Inc.	1,650	164,417	198,430
Coca-Cola Co. (The)	35,433	1,094,801	1,279,629	EXCO Resources Inc.	3,313	25,677	22,300
Coca-Cola Refreshments USA Inc.	10,040	264,287	317,299	Exterran Holdings Inc.	3,633	70,744	79,221
Colgate-Palmolive Co.	3,540	304,738	368,551	Exxon Mobil Corp.	67,943	5,184,127	5,858,563
ConAgra Foods Inc.	7,382	179,697	216,833	FMC Technologies Inc.	1,128	41,907	48,082
Constellation Brands Inc., Class 'A'	3,061	60,688	107,863	Forest Oil Corp.	3,136	61,722	20,890
Cosan Ltd., Class 'A'	2,443	35,872	42,106	GrafTech International Ltd.	2,006	23,976	18,755
Costco Wholesale Corp.	5,979	427,418	588,245	Halliburton Co.	8,535	279,269	294,891
CVS Caremark Corp.	19,453	714,195	936,896	Helix Energy Solutions Group Inc.	2,222	26,652	45,621
Dean Foods Co.	14,267	181,478	234,393	Helmerich & Payne Inc.	842	35,427	46,958
Dole Food Co. Inc.	2,709	27,786	30,912	Hess Corp.	6,858	432,900	361,500
Dr. Pepper Snapple Group Inc.	2,240	82,597	98,515	HollyFrontier Corp.	1,388	25,759	64,334
Energizer Holdings Inc.	903	64,833	71,920	Key Energy Services Inc.	1,702	16,470	11,761
Estée Lauder Cos. Inc., Class 'A'	977	36,859	58,232	Kinder Morgan Inc.	901	32,933	31,695
Flowers Foods Inc.	1,651	28,914	38,270	Marathon Oil Corp.	23,320	793,918	711,685
Fresh Del Monte Produce Inc.	1,088	25,083	28,513	Marathon Petroleum Corp.	11,542	482,794	723,904
Garmin Ltd.	1,430	47,473	58,107	Murphy Oil Corp.	3,855	233,788	228,540
General Mills Inc.	7,753	280,203	311,952	Nabors Industries Ltd.	6,378	141,311	91,766
H.J. Heinz Co.	4,030	204,214	231,491	National-Oilwell Varco Inc.	3,089	187,305	210,287
Harris Teeter Supermarkets Inc.	692	24,604	26,555	Newfield Exploration Co.	2,255	100,841	60,129
Herbalife Ltd.	502	20,107	16,475	Noble Corp.	3,124	117,750	108,279
Hershey Co. (The)	1,261	63,522	90,678	Noble Energy Inc.	1,279	105,488	129,566
Hillshire Brands Co.	1,595	46,335	44,690	Occidental Petroleum Corp.	7,191	639,635	548,534
Hormel Foods Corp.	2,207	52,817	68,540	Oceaneering International Inc.	705	25,619	37,759
Ingredion Inc.	875	36,073	56,134	Oil States International Inc.	562	33,837	40,033
J.M. Smucker Co. (The)	1,407	94,812	120,818	Patterson-UTI Energy Inc.	2,734	47,371	50,715
Kellogg Co.	3,280	171,003	182,400	Peabody Energy Corp.	3,101	132,557	82,194
Kimberly-Clark Corp.	5,488	366,217	461,195	Phillips 66	16,824	574,776	889,345
Kraft Foods Group Inc.	8,041	273,971	363,892	Pioneer Natural Resources Co.	616	42,133	65,389
Kroger Co. (The)	22,104	511,628	572,673	Plains Exploration & Production Co.	1,603	53,184	74,921
Lorillard Inc.	1,554	147,784	180,495	QEP Resources Inc.	1,802	54,522	54,294
Matson Inc.	700	27,196	17,202	Range Resources Corp.	602	24,839	37,661
McCormick & Co. Inc., Non-Voting	1,055	47,372	66,704	Rowan Companies PLC, Class 'A'	1,621	53,024	49,454
Mead Johnson Nutrition Co., Class 'A'	799	49,245	52,420	SandRidge Energy Inc.	4,114	34,563	25,971
Molson Coors Brewing Co., Class 'B'	2,434	112,840	103,655	Schlumberger Ltd.	9,072	643,426	625,896
Mondelez International Inc., Class 'A'	24,116	506,209	611,833	Seacor Holdings Inc.	458	40,740	38,197
Nash Finch Co.	1,002	37,802	21,231	SemGroup Corp., Class 'A'	989	28,641	38,464
Pantry Inc. (The)	2,905	60,151	35,057	Ship Finance International Ltd.	1,812	32,719	29,986
Pepsico Inc.	16,826	1,099,389	1,146,620	SM Energy Co.	368	20,578	19,127
Philip Morris International Inc.	10,381	644,750	864,637	Southwestern Energy Co.	2,223	78,495	73,929
Procter & Gamble Co.	30,880	1,947,434	2,088,043	Spectra Energy Corp.	7,777	190,830	211,941
PVH Corp.	467	28,263	51,623	Superior Energy Services Inc.	1,405	39,122	29,000
Ralcorp Holdings Inc.	802	49,331	71,590	Targa Resources Corp.	700	24,523	36,836
Reynolds American Inc.	5,900	196,638	243,327	Teekay Shipping Corp.	1,507	44,074	48,122
Safeway Inc.	15,281	321,919	275,092	Tesoro Corp.	5,775	111,696	253,295
Smithfield Foods Inc.	5,311	99,416	114,013	Tidewater Inc.	702	31,911	31,237
Supervalu Inc.	41,529	342,894	401,722	Ultra Petroleum Corp.	1,215	37,154	21,921
Sysco Corp.	11,694	339,771	368,640	Unit Corp.	901	35,382	40,416
Tyson Foods Inc., Class 'A'	8,478	135,262	163,766	USEC Inc.	21,660	35,969	11,215
United Natural Foods Inc.	650	24,967	34,677	Valero Energy Corp.	29,036	661,400	985,870
Universal Corp.	705	29,864	35,035	Weatherford International Ltd.	13,605	232,831	151,585
Walgreen Co.	16,775	601,525	618,507	Western Refining Inc.	2,004	13,265	56,230
Wal-Mart Stores Inc.	48,296	2,715,172	3,282,509	Whiting Petroleum Corp.	840	43,326	36,274
Wendy's Co. (The)	7,548	35,257	35,398	Williams Cos. Inc.	7,651	188,629	249,340
Whole Foods Market Inc.	1,073	50,970	97,565	World Fuel Services Corp.	1,927	56,724	78,974
		17,797,866	20,313,648	WPX Energy Inc.	7,006	132,213	103,801
<b>Energy — 11.05%</b>				<b>Financial Services — 20.87%</b>			
Alpha Natural Resources Inc.	3,095	102,799	30,016	ACE Ltd.	5,312	322,389	422,022
Anadarko Petroleum Corp.	4,544	301,254	336,258	Affiliated Managers Group Inc.	366	33,590	47,408
Apache Corp.	3,620	372,635	282,876	Afiac Inc.	6,550	324,471	346,375
Arch Coal Inc.	3,805	68,457	27,733	Alexander & Baldwin Inc.	703	19,195	20,537
Asbury Automotive Group Inc.	1,010	14,884	32,211	Alleghany Corp.	86	27,132	28,721
Atwood Oceanics Inc.	537	23,522	24,494	Allied World Assurance Co. Holdings Ltd.	763	46,819	59,828
Baker Hughes Inc.	5,017	255,384	204,063	Allstate Corp. (The)	15,760	479,687	630,357
Bill Barrett Corp.	803	23,162	14,216	Alterra Capital Holdings Ltd.	2,006	43,998	56,266
Bristow Group Inc.	603	27,784	32,212	American Express Co.	12,636	538,830	723,194
Cabot Oil & Gas Corp.	901	16,823	44,632	American Financial Group Inc.	1,127	36,512	44,348
Cameron International Corp.	1,903	84,881	106,962	American International Group Inc.	9,117	282,057	320,446
Chesapeake Energy Corp.	11,076	287,421	183,181	Ameriprise Financial Inc.	3,032	157,961	189,078
Chevron Corp.	32,835	2,961,541	3,538,124	Aon PLC	3,394	158,281	187,895
Cimarex Energy Co.	605	43,743	34,776	Arch Capital Group Ltd.	2,338	69,082	102,453
Concho Resources Inc.	336	33,345	26,962	Arthur J. Gallagher & Co.	1,321	36,905	45,550
ConocoPhillips	33,646	2,061,654	1,943,412				
CONSOL Energy Inc.	2,204	86,220	70,444				
Denbury Resources Inc.	3,574	67,756	57,650				
Devon Energy Corp.	5,190	376,128	268,926				
						20,369,358	21,897,202

The accompanying notes are an integral part of the financial statements.



# iShares US Fundamental Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Health Care (continued)</b>				<b>Industrials (continued)</b>			
Cigna Corp.	4,282	157,439	227,846	Brink's Co. (The)	1,165	30,614	33,071
Community Health Systems Inc.	5,026	145,658	153,885	C.H. Robinson Worldwide Inc.	1,307	90,164	82,286
Covance Inc.	703	33,285	40,452	Cabela's Inc., Class 'A'	703	12,914	29,224
Coventry Health Care Inc.	4,325	114,831	192,970	Carlisle Cos. Inc.	759	29,840	44,407
Covidien PLC	4,196	201,273	241,193	Caterpillar Inc.	5,311	372,539	473,925
DaVita HealthCare Partners Inc.	1,089	80,253	119,806	Cintas Corp.	1,703	50,483	69,319
Dentsply International Inc.	1,021	33,691	40,258	Con-way Inc.	1,398	45,103	38,697
Edwards Lifesciences Corp.	396	26,098	35,538	Copart Inc.	1,002	26,295	29,432
Eli Lilly and Co.	18,562	701,017	911,541	Covanta Holding Corp.	1,706	27,097	31,289
Endo Pharmaceuticals Holdings Inc.	1,093	34,028	28,579	Crane Co.	703	27,658	32,395
Express Scripts Holding Co.	4,686	247,003	251,863	CSX Corp.	12,080	225,870	237,193
Forest Laboratories Inc., Class 'A'	3,518	112,992	123,721	Cummins Inc.	1,227	94,348	132,374
Gilead Sciences Inc.	4,250	186,670	310,989	Curtiss-Wright Corp.	703	23,522	22,952
HCA Holdings Inc.	6,038	152,227	181,443	Danaher Corp.	4,035	178,214	224,667
Health Management Associates Inc., Class 'A'	6,154	48,327	57,047	Deere & Co.	3,870	266,358	333,007
Health Net Inc.	3,212	86,657	77,684	Delta Air Lines Inc.	25,989	260,171	307,163
Henry Schein Inc.	1,105	68,662	88,526	Deluxe Corp.	1,108	22,728	35,546
Hill-Rom Holdings Inc.	901	32,719	25,568	Donaldson Co. Inc.	709	17,568	23,183
Hologic Inc.	2,260	40,724	45,073	Dover Corp.	1,973	108,409	129,187
Hospira Inc.	2,215	105,017	68,855	DryShips Inc.	10,539	42,734	16,580
Humana Inc.	3,413	200,093	233,227	Dun & Bradstreet Corp. (The)	365	27,517	28,584
Intuitive Surgical Inc.	76	25,198	37,084	Eaton Corp. PLC	4,034	209,001	217,703
Johnson & Johnson	32,191	2,042,380	2,246,886	EMCOR Group Inc.	2,002	52,582	68,951
Kindred Healthcare Inc.	4,206	46,578	45,271	Emerson Electric Co.	8,910	434,864	470,022
Laboratory Corp. of America Holdings	1,001	83,081	86,304	EnerSys	802	27,978	30,034
Life Technologies Corp.	1,710	82,611	83,600	Engility Holdings Inc.	457	8,256	8,737
LifePoint Hospitals Inc.	1,322	49,277	49,678	Equifax Inc.	1,003	32,005	54,049
Magellan Health Services Inc.	702	33,188	34,243	Esterline Technologies Corp.	450	27,501	28,492
McKesson Corp.	7,342	522,892	708,892	Exelis Inc.	8,785	105,306	98,494
MEDNAX Inc.	400	22,359	31,671	Expeditors International of Washington Inc.	1,408	63,239	55,433
Medtronic Inc.	12,119	478,581	494,984	Fastenal Co.	932	28,735	43,319
Merck & Co. Inc.	37,912	1,334,449	1,545,821	FedEx Corp.	4,728	381,356	431,882
Mylan Inc.	3,100	65,030	84,791	First Solar Inc.	1,315	52,366	40,406
Omnicare Inc.	2,209	55,926	79,402	Flowserve Corp.	480	54,419	70,137
Owens & Minor Inc.	1,703	49,843	48,310	Fluor Corp.	2,530	143,517	148,099
Patterson Cos. Inc.	1,204	35,405	41,024	Fortune Brands Home & Security Inc.	1,735	22,367	50,461
PerkinElmer Inc.	1,323	32,036	41,811	Foster Wheeler AG	2,373	59,754	57,463
Perrigo Co.	269	22,629	27,853	FTI Consulting Inc.	702	25,328	23,066
Pfizer Inc.	129,881	2,473,467	3,244,702	Gardner Denver Inc.	359	21,279	24,482
Quest Diagnostics Inc.	1,982	113,697	114,955	GATX Corp.	829	26,298	35,741
St. Jude Medical Inc.	2,728	112,188	98,193	General Cable Corp.	1,811	50,976	54,818
Stryker Corp.	2,220	119,022	121,155	General Dynamics Corp.	5,888	412,236	406,108
Tenet Healthcare Corp.	4,396	89,136	142,037	General Electric Co.	213,478	3,915,730	4,459,510
Thermo Fisher Scientific Inc.	4,616	240,842	293,234	Granite Construction Inc.	901	21,761	30,143
UnitedHealth Group Inc.	14,364	573,948	775,753	Harsco Corp.	2,465	61,890	57,678
Universal American Corp.	2,461	22,951	21,025	Hertz Global Holdings Inc.	12,863	156,769	208,125
Universal Health Services Inc., Class 'B'	1,203	46,511	57,915	HNI Corp.	1,000	27,844	29,911
Varian Medical Systems Inc.	658	41,533	46,006	Honeywell International Inc.	8,305	404,885	524,934
VCA Antech Inc.	1,204	28,708	25,235	Hubbell Inc., Class 'B'	562	31,409	47,369
Warner Chilcott PLC, Class 'A'	4,467	73,781	53,551	Huntington Ingalls Industries Inc.	1,849	69,432	79,754
Waters Corp.	401	29,986	34,785	Ilex Corp.	728	30,703	33,728
Watson Pharmaceuticals Inc.	933	45,457	79,884	Illinois Tool Works Inc.	5,689	289,279	344,517
WellCare Health Plans Inc.	703	47,373	34,082	Ingersoll-Rand PLC	4,530	177,161	216,325
Wellpoint Inc.	12,600	807,040	764,417	International Paper Co.	8,736	209,138	346,546
Zimmer Holdings Inc.	1,332	77,764	88,370	ITT Corp.	5,625	193,929	131,227
				J.B. Hunt Transport Services Inc.	649	26,781	38,553
		17,099,971	20,377,695	Jacobs Engineering Group Inc.	2,334	93,869	98,931
				JetBlue Airways Corp.	9,875	54,835	56,144
				Joy Global Inc.	612	44,275	38,866
				Kansas City Southern Industries Inc.	766	36,893	63,671
				KBR Inc.	2,201	56,897	65,571
				Kelly Services Inc., Class 'A'	1,906	26,089	29,871
				Kennametal Inc.	724	23,962	28,835
				Kirby Corp.	410	22,687	25,225
				L-3 Communications Holdings Inc.	2,714	215,714	206,971
				Lincoln Electric Holdings Inc.	703	23,838	34,075
				Lockheed Martin Corp.	5,760	467,138	529,477
				Manitowoc Co. Inc. (The)	2,129	25,737	33,239
				Manpower Inc.	3,031	157,671	128,083
				Masco Corp.	10,766	136,957	178,698
				McDermott International Inc.	4,528	72,833	49,639
				Meritor Inc.	4,506	49,356	21,222
				Monster Worldwide Inc.	3,347	35,526	18,696
				Moog Inc., Class 'A'	623	25,842	25,452
				Mueller Industries Inc.	501	17,969	24,957
<b>Industrials — 11.29%</b>							
3M Co.	7,484	619,988	691,901				
Acuity Brands Inc.	390	20,062	26,289				
Aecom Technology Corp.	2,583	64,828	61,237				
AerCap Holdings NV	2,405	28,861	32,879				
AGCO Corp.	1,702	73,513	83,226				
Alaska Air Group Inc.	1,404	41,012	60,238				
Alliant Techsystems Inc.	1,002	69,420	61,797				
Ametek Inc.	1,269	29,756	47,484				
AptarGroup Inc.	643	30,641	30,552				
Armstrong World Industries Inc.	512	26,774	25,862				
Atlas Air Worldwide Holdings Inc.	601	33,755	26,504				
Avery Dennison Corp.	2,814	100,475	97,842				
Avis Budget Group Inc.	7,043	88,536	138,992				
B/E Aerospace Inc.	814	28,468	40,031				
Babcock & Wilcox Co. (The)	1,407	36,883	36,705				
Boeing Co. (The)	9,139	601,014	686,027				
Briggs & Stratton Corp.	1,601	31,465	33,572				

The accompanying notes are an integral part of the financial statements.



Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Industrials (continued)</b>				<b>Information Technology (continued)</b>			
Navistar International Corp.	2,786	122,388	60,307	Analog Devices Inc.	2,434	78,415	101,910
Nielsen Holdings NV	1,405	38,042	42,766	Anixter International Inc.	651	35,635	41,446
Norfolk Southern Corp.	4,227	254,469	260,189	ANSYS Inc.	400	25,997	26,820
Northrop Grumman Corp.	7,285	437,084	490,203	AOL Inc.	5,736	131,796	169,113
Oshkosh Truck Corp., Class 'B'	2,695	76,509	79,509	Apple Inc.	1,922	645,488	1,020,059
Owens Corning Inc.	2,826	81,973	104,056	Applied Materials Inc.	16,050	207,080	182,663
Paccar Inc.	4,850	218,135	218,229	Arrow Electronics Inc.	3,871	134,231	146,774
Pall Corp.	652	30,230	39,108	Atmel Corp.	2,509	26,905	16,363
Parker Hannifin Corp.	1,595	124,723	135,103	Autodesk Inc.	1,104	40,871	38,837
Pentair Ltd.	1,336	54,476	65,382	Automatic Data Processing Inc.	4,294	210,563	243,706
PHH Corp.	5,343	94,859	121,084	Avago Technologies Ltd.	913	28,941	28,781
Pitney Bowes Inc.	6,436	136,550	68,185	Avnet Inc.	4,377	140,205	133,404
Precision Castparts Corp.	749	110,368	141,213	Benchmark Electronics Inc.	2,003	33,275	33,127
Quad Graphics Inc.	1,825	28,158	37,088	BMC Software Inc.	1,298	53,069	51,244
Quanta Services Inc.	2,991	60,484	81,244	Broadcom Corp., Class 'A'	2,013	70,711	66,544
R.R. Donnelley & Sons Co.	10,636	183,224	95,312	Broadridge Financial Solutions Inc.	1,406	31,779	32,017
Raytheon Co.	6,744	343,241	386,515	Brocade Communications Systems Inc.	7,045	40,412	37,318
Regal-Beloit Corp.	446	29,089	31,303	CA Inc.	3,191	69,955	69,805
Republic Airways Holdings Inc.	5,531	31,420	31,281	CACI International Inc., Class 'A'	547	26,949	29,950
Republic Services Inc.	5,210	160,332	152,204	Check Point Software Technologies Ltd.	802	30,384	38,043
Robert Half International Inc.	1,599	42,992	50,630	Cisco Systems Inc.	50,911	1,014,252	996,099
Rockwell Automation Inc.	1,109	73,339	92,744	Citrix Systems Inc.	594	41,810	38,882
Rockwell Collins Inc.	1,351	80,397	78,236	Cognizant Technology Solutions Corp., Class 'A'	1,056	73,242	77,840
Roper Industries Inc.	537	41,647	59,575	Computer Sciences Corp.	6,232	279,318	248,518
Ryder System Inc.	1,538	72,236	76,462	Compuware Corp.	2,709	28,312	29,293
Sanmina Corp.	5,142	59,480	56,626	Compuware Corp.	2,926	33,419	47,809
Seaspan Corp.	1,405	26,516	22,383	Convergys Corp.	20,066	315,272	251,944
Shaw Group Inc. (The)	2,169	71,867	100,662	Corning Inc.	906	35,613	30,654
SkyWest Inc.	3,513	46,099	43,549	Cree Inc.	33,482	499,528	337,714
Sonoco Products Co.	1,905	65,160	56,392	Dell Inc.	1,004	32,016	30,570
Southwest Airlines Inc.	9,747	112,025	99,380	Diebold Inc.	602	28,126	36,324
Spirit Aerosystems Holdings Inc., Class 'A'	1,803	38,538	30,447	DST Systems Inc.	8,028	240,350	407,907
SPX Corp.	852	58,685	59,511	eBay Inc.	2,908	48,622	42,043
Steelcase Inc., Class 'A'	3,123	28,617	39,616	EMC Corp.	12,901	285,731	325,120
Stericycle Inc.	333	28,244	30,915	Equinix Inc.	222	32,797	45,580
Teledyne Technologies Inc.	448	23,383	29,030	Fidelity National Information Services Inc.	3,930	114,064	136,254
Teleflex Inc.	670	38,572	47,552	Fiserv Inc.	1,473	90,450	115,911
Terex Corp.	3,227	76,408	90,257	Flextronics International Ltd.	31,993	230,990	197,822
Textron Inc.	5,253	100,320	129,557	Flir Systems Inc.	1,202	33,509	26,701
Timken Co.	1,124	46,583	53,530	Global Payments Inc.	502	26,261	22,638
TransDigm Group Inc.	378	43,649	51,300	Google Inc., Class 'A'	1,041	607,986	735,165
Trinity Industries Inc.	1,303	28,466	46,473	Harris Corp.	1,667	77,103	81,265
Triumph Group Inc.	400	25,529	26,008	Hewlett-Packard Co.	52,592	1,718,984	745,690
Tutor Perini Corp.	2,139	38,712	29,178	IBM Corp.	8,340	1,268,984	1,590,824
Tyco International Ltd.	6,847	266,808	199,277	Ingram Micro Inc., Class 'A'	9,843	178,251	165,925
Union Pacific Corp.	3,907	329,702	489,076	Insight Enterprises Inc.	1,734	27,804	29,956
United Continental Holdings Inc.	10,259	235,277	238,722	Intel Corp.	53,750	1,192,501	1,104,094
United Parcel Service Inc., Class 'B'	7,511	512,952	551,480	Intersil Corp., Class 'A'	2,204	25,074	18,171
United Rentals Inc.	1,306	23,245	59,180	Intuit Inc.	1,358	65,112	80,440
United Stationers Inc.	1,605	45,683	49,525	Iron Mountain Inc.	1,693	43,098	52,308
United Technologies Corp.	10,213	757,006	833,967	Itron Inc.	702	34,189	31,140
URS Corp.	2,378	91,605	92,983	Jabil Circuit Inc.	3,568	66,926	68,495
USG Corp.	2,374	38,097	66,328	Juniper Networks Inc.	2,024	66,458	39,661
UTi Worldwide Inc.	1,903	31,420	25,391	KLA Tencor Corp.	1,136	40,648	54,022
W.W. Grainger Inc.	444	70,112	89,457	Lam Research Corp.	701	27,661	25,211
Walter Energy Inc.	400	24,772	14,294	Lender Processing Services Inc.	1,615	45,950	39,558
Waste Connections Inc.	749	21,528	25,200	Level 3 Communications Inc.	2,171	37,530	49,934
Waste Management Inc.	8,374	289,368	281,240	Lexmark International Inc., Class 'A'	1,660	66,512	38,346
Werner Enterprises Inc.	1,204	27,597	25,978	Linear Technology Corp.	1,614	51,603	55,090
WESCO International Inc.	652	28,241	43,762	LSI Logic Corp.	4,215	20,735	29,714
Xylem Inc.	2,289	60,897	61,720	Marvell Technology Group Ltd.	6,085	96,219	43,987
YRC Worldwide Inc.	3,765	66,769	25,229	MasterCard Inc., Class 'A'	276	77,185	135,109
		20,154,129	22,372,562	Maxim Integrated Products Inc.	2,842	56,655	83,167
<b>Information Technology — 9.39%</b>				MEMC Electronic Materials Inc.	13,343	79,990	42,381
Accenture PLC, Class 'A'	4,183	208,889	276,973	Mettler-Toledo International Inc.	174	22,196	33,441
Activision Blizzard Inc.	4,730	52,448	50,064	Microchip Technology Inc.	2,006	65,478	65,074
Adobe Systems Inc.	3,386	111,035	127,002	Micron Technology Inc.	21,159	183,623	133,361
Advanced Micro Devices Inc.	9,903	84,817	23,665	Microsoft Corp.	61,744	1,722,481	1,642,706
Akamai Technologies Inc.	1,003	49,195	40,846	Molex Inc.	901	19,066	24,501
Alliance Data Systems Corp.	301	19,676	43,385	Moxie Inc., Class 'A'	1,002	17,915	22,239
Altera Corp.	1,110	36,253	38,075	Motorola Solutions Inc.	6,553	303,979	363,302
Amdocs Ltd.	2,216	62,703	74,954	MSCI Inc., Class 'A'	1,103	39,804	34,046
Amkor Technology Inc.	5,329	33,911	22,498	NCR Corp.	2,275	34,495	57,718
Amphenol Corp., Class 'A'	902	46,519	58,108	NetApp Inc.	1,817	85,307	60,698

The accompanying notes are an integral part of the financial statements.

## iShares US Fundamental Index Fund (continued)

Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Information Technology (continued)</b>				<b>Materials (continued)</b>			
Nuance Communications Inc.	903	14,655	20,059	Praxair Inc.	2,202	207,237	239,841
NVIDIA Corp.	4,373	56,650	53,513	Regal Entertainment Group, Class 'A'	4,413	58,334	61,297
NXP Semiconductors NV	1,320	34,008	34,646	Reliance Steel & Aluminum Co.	1,355	61,519	83,757
ON Semiconductor Corp.	4,315	33,416	30,290	Resolute Forest Products Inc.	3,733	56,354	49,175
Oracle Corp.	26,989	741,421	895,407	Rock-Tenn Co., Class 'A'	458	28,925	31,872
Paychex Inc.	3,812	120,080	118,157	Rockwood Holdings Inc.	940	36,425	46,283
Qualcomm Inc.	7,523	379,752	464,570	RPM International Inc.	2,299	48,888	67,231
SAIC Inc.	9,412	141,148	105,992	Sealed Air Corp.	3,613	80,511	62,992
SanDisk Corp.	2,039	77,898	88,396	Sensient Technologies Corp.	619	21,151	21,905
Seagate Technology	4,970	85,067	150,834	Sigma-Aldrich Corp.	705	45,146	51,644
Symantec Corp.	7,960	136,681	149,163	Silgan Holdings Inc.	566	19,717	23,416
Synopsys Inc.	1,210	31,303	38,361	Southern Copper Corp.	3,472	116,612	130,885
TE Connectivity Ltd.	5,499	168,797	203,245	Steel Dynamics Inc.	4,715	79,106	64,459
Tech Data Corp.	3,221	152,942	145,957	Steris Corp.	802	25,704	27,734
Tellabs Inc.	6,710	40,553	15,233	United States Steel Corp.	5,726	197,737	136,035
Teradata Corp.	561	24,113	34,554	Valspar Corp. (The)	1,012	36,921	62,877
Teradyne Inc.	1,605	26,836	26,992	Vectren Corp.	1,798	47,426	52,598
Texas Instruments Inc.	10,103	275,377	311,243	Vulcan Materials Co.	2,053	82,701	106,358
Total System Service Inc.	2,920	49,830	62,248	W.R. Grace & Co.	546	18,999	36,523
Trimble Navigation Ltd.	541	20,752	32,202	Worthington Industries Inc.	1,670	27,078	43,183
Unisys Corp.	2,516	60,569	43,340				
Visa Inc., Class 'A'	2,115	185,363	318,982				
Vishay Intertechnology Inc.	3,338	33,416	35,297				
Western Digital Corp.	3,321	119,482	140,503				
Western Union Co.	4,390	78,315	59,491				
Xerox Corp.	29,650	269,706	201,343				
Xilinx Inc.	1,908	54,568	68,184				
Yahoo! Inc.	14,233	215,979	281,877				
		18,347,968	18,615,935			6,454,387	7,008,132
<b>Materials — 3.54%</b>				<b>Real Estate Investment Trusts — 2.28%</b>			
Air Products and Chemicals Inc.	2,276	193,608	190,430	Alexandria Real Estate Equities Inc.	560	41,696	38,613
Airgas Inc.	540	39,270	49,085	American Capital Agency Corp.	593	26,385	25,732
AK Steel Holding Corp.	6,424	71,448	29,423	American Tower Corp.	1,157	62,020	88,982
Albemarle Corp.	601	29,014	37,174	Annaly Mortgage Management Inc.	13,994	244,614	195,492
Alcoa Inc.	37,127	447,132	320,507	Apartment Investment & Management Co., Class 'A'	2,705	55,911	72,856
Allegheny Technologies Inc.	1,506	67,122	45,526	Avalonbay Communities Inc.	617	71,974	83,275
Ashland Inc.	1,678	86,375	134,348	BioMed Realty Trust Inc.	1,745	33,951	33,603
Ball Corp.	1,908	62,042	84,997	Boston Properties Inc.	1,328	123,016	139,911
Bemis Co. Inc.	2,005	64,156	66,819	Brandywine Realty Trust	3,754	47,112	45,490
Cabot Corp.	923	31,343	36,614	Camden Property Trust	655	34,927	44,505
Celanese Corp., Series 'A'	1,335	45,238	59,192	CBL & Associates Properties Inc.	2,576	38,099	54,402
CF Industries Holdings Inc.	365	45,762	73,809	Chimera Investment Corp.	16,816	56,418	43,534
Chemtura Corp.	2,361	41,186	49,908	Colonial Properties Trust	1,606	25,411	34,173
Cliffs Natural Resources Inc.	1,110	71,740	42,618	CommonWealth REIT	3,106	71,664	48,957
Coeur d'Alene Mines Corp.	905	22,195	22,158	Corporate Office Properties Trust	1,202	38,830	29,873
Commercial Metals Co.	4,821	70,709	71,332	DCT Industrial Trust Inc.	4,224	22,230	27,254
Crown Holdings Inc.	2,311	71,068	84,656	DDR Corp.	4,010	48,041	62,447
Cytec Industries Inc.	661	38,189	45,301	DiamondRock Hospitality Co.	2,462	23,983	22,063
Domtar Corp.	765	53,893	63,618	Digital Realty Trust Inc.	501	29,039	33,837
Dow Chemical Co. (The)	21,764	606,817	700,605	Duke Realty Corp.	5,016	64,355	69,273
E.I. du Pont de Nemours & Co.	11,021	465,243	493,593	Entertainment Properties Trust	601	26,839	27,581
Eastman Chemical Co.	1,684	67,224	114,154	Equity Residential	2,617	127,280	147,590
Ecolab Inc.	1,560	84,060	111,666	Essex Property Trust Inc.	228	27,589	33,304
FMC Corp.	903	36,263	52,598	Federal Realty Investment Trust	463	40,569	47,954
Freeport-McMoRan Copper & Gold Inc., Class 'B'	10,893	412,450	370,939	General Growth Properties Inc.	4,955	77,969	97,983
Great Plains Energy Inc.	3,518	68,665	71,073	Hatteras Financial Corp.	888	24,751	21,910
Greif Inc., Class 'A'	469	27,171	20,785	HCP Inc.	3,166	122,647	142,362
Greif Inc., Class 'B'	141	7,544	6,789	Health Care REIT Inc.	1,201	60,830	73,293
Huntsman Corp.	5,048	61,156	79,868	Highwoods Properties Inc.	900	30,505	29,976
International Flavors and Fragrances Inc.	788	39,697	52,208	Home Properties Inc.	452	25,608	27,597
LyondellBasell Industries NV, Class 'A'	7,052	282,577	401,008	Hospitality Properties Trust	2,983	68,291	69,502
Martin Marietta Materials Inc.	505	40,532	47,407	Host Hotels & Resorts Inc.	8,353	120,265	130,329
MeadWestvaco Corp.	3,352	88,147	106,369	iStar Financial Inc.	7,465	35,893	60,578
Monsanto Co.	3,490	224,142	328,908	Kilroy Realty Corp.	535	20,588	25,245
Mosaic Co. (The)	2,479	145,852	139,782	Kimco Realty Corp.	4,771	76,008	91,779
Newmont Mining Corp. Holding Co.	4,064	234,332	187,921	Lexington Realty Trust	3,510	27,428	36,487
Nucor Corp.	6,650	301,554	285,780	Liberty Property Trust	1,907	64,088	67,920
Olin Corp.	1,402	29,214	30,153	Macerich Co. (The)	1,302	63,208	75,541
OM Group Inc.	903	25,243	19,969	Mac-Cali Realty Corp.	1,803	59,434	46,892
Owens Illinois Inc.	4,570	122,392	96,695	MFA Financial Inc.	5,602	43,437	45,181
Packaging Corp. of America	1,515	39,485	58,031	National Retail Properties Inc.	912	24,204	28,323
PolyOne Corp.	1,872	26,785	38,025	Piedmont Office Realty Trust Inc., Series 'A'	3,435	61,839	61,769
PPG Industries Inc.	2,124	169,861	286,226	Plum Creek Timber Co. Inc.	2,047	77,380	90,374
				Potlatch Corp.	1,324	47,404	51,651
				Prologis Inc.	4,104	128,172	149,111
				Public Storage	709	80,308	102,342
				Rayonier Inc.	1,217	45,464	62,830
				Realty Income Corp.	863	29,392	34,552
				Redwood Trust Inc.	2,840	41,189	47,733
				Regency Centers Corp.	1,005	41,644	47,092
				Senior Housing Properties Trust	1,513	35,440	35,614
				Simon Property Group Inc.	1,521	149,914	239,421

The accompanying notes are an integral part of the financial statements.



Security	Shares/ Units	Average cost (\$)	Fair value (\$)	Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Real Estate Investment Trusts (continued)</b>				<b>Utilities (continued)</b>			
SL Green Realty Corp.	792	57,457	60,446	Public Services Enterprise Group Inc.	11,150	360,599	339,612
Taubman Centers Inc.	356	25,787	27,893	Questar Corp.	3,149	54,217	61,957
UDR Inc.	1,895	42,790	44,869	SCANA Corp.	2,570	107,044	116,816
Ventas Inc.	1,333	71,489	85,874	Sempra Energy Inc.	3,988	217,245	281,573
Vornado Realty Trust	2,007	167,533	160,009	Southern Co. (The)	12,783	484,880	544,760
Washington REIT	784	23,069	20,421	Southwest Gas Corp.	835	30,151	35,243
Weingarten Realty Investors	1,802	43,040	48,050	Teco Energy Inc.	4,548	80,360	75,897
Weyerhaeuser Co.	22,911	515,684	634,871	UGI Corp.	2,614	76,258	85,162
		4,012,102	4,526,521	UIL Holdings Corp.	720	24,390	25,658
<b>Telecommunication Services — 4.81%</b>				Westar Energy Inc.	2,304	57,879	65,657
AT&T Inc.	128,309	3,785,229	4,307,975	WGL Holdings Inc.	1,003	38,278	39,109
CenturyLink Inc.	5,012	190,167	195,226	Wisconsin Energy Corp.	2,809	90,103	103,039
Charter Communications Inc., Class 'A'	2,442	155,111	185,450	Xcel Energy Inc.	9,241	225,975	245,582
Cincinnati Bell Inc.	7,007	19,686	38,233			9,100,524	9,696,150
Crown Castle International Corp.	1,154	50,097	82,903	<b>Total Equities — 99.85%</b>		178,052,979	197,898,881
Frontier Communications Corp.	32,510	184,364	138,868	<b>Transaction costs (Note 2)</b>		(47,392)	—
MetroPCS Communications Inc.	4,950	49,680	48,991	<b>Total Investments — 99.85%</b>		178,005,587	197,898,881
NII Holdings Inc., Class 'B'	5,531	132,567	39,266	<b>Unrealized Depreciation on Forward Currency</b>			
Sprint Nextel Corp.	212,342	757,088	1,196,688	<b>Contracts (Schedule A) — (0.11)%</b>			(225,919)
Telephone and Data Systems Inc.	3,395	102,982	74,808	<b>Cash and Cash Equivalents — 1.22%</b>			2,428,376
tw telecom Inc.	1,385	27,151	35,110	<b>Other Assets, Less Liabilities — (0.96)%</b>			(1,907,307)
UNS Energy Corp.	802	27,279	33,875	<b>Net Assets — 100.00%</b>			198,194,031
Verizon Communications Inc.	71,045	2,430,988	3,060,191				
Windstream Corp.	11,849	141,049	97,924				
		8,053,438	9,535,508				
<b>Utilities — 4.89%</b>				<b>Schedule A — Forward Currency</b>			
AES Corp. (The)	22,788	272,035	242,783	<b>Contracts (a)</b>			
AGL Resources Inc.	1,182	46,413	47,018				
Allete Inc.	601	21,781	24,517				
Alliant Energy Corp.	2,049	83,011	89,585				
Ameren Corp.	7,191	207,888	220,029				
American Electric Power Co. Inc.	10,599	389,936	450,315				
American Water Works Co. Inc.	2,267	57,787	83,767				
Aqua America Inc.	1,506	32,465	38,133				
Atmos Energy Corp.	2,620	79,104	91,619				
Avista Corp.	1,202	25,886	28,832				
Black Hills Corp.	904	28,701	32,719				
Calpine Corp.	6,976	97,888	125,862				
CenterPoint Energy Inc.	8,460	143,770	162,070				
Cleco Corp.	803	24,470	31,982				
CMS Energy Corp.	4,517	86,015	109,606				
Consolidated Edison Inc.	5,566	281,670	307,696				
Dominion Resources Inc.	9,158	406,653	472,345				
DTE Energy Co.	3,898	184,117	233,030				
Duke Energy Corp.	8,965	552,354	569,418				
Edison International	7,254	280,610	326,326				
Energen Corp.	903	43,269	40,541				
Energy Corp.	4,604	343,891	292,197				
EQT Corp.	1,230	49,967	72,209				
Exelon Corp.	15,350	634,201	454,393				
FirstEnergy Corp.	8,015	335,288	333,108				
Hawaiian Electric Industries Inc.	2,106	50,297	52,696				
IDACORP Inc.	804	30,068	34,712				
Integrus Energy Group Inc.	2,108	108,863	109,606				
ITC Holdings Corp.	358	24,474	27,415				
Lennox International Inc.	840	37,234	43,927				
MDU Resources Group Inc.	3,806	79,805	80,378				
National Fuel Gas Co.	1,167	56,692	58,901				
New Jersey Resources Corp.	698	28,570	27,522				
NextEra Energy Inc.	7,105	398,280	489,340				
NiSource Inc.	6,479	120,907	160,504				
Northeast Utilities	3,091	108,079	120,246				
NorthWestern Corp.	720	21,840	24,877				
NRG Energy Inc.	12,207	273,356	279,301				
NV Energy Inc.	4,759	64,836	85,910				
OG E Energy Corp.	1,447	68,076	81,130				
Oneok Inc.	3,370	94,198	143,414				
Pepco Holdings Inc.	7,218	133,290	140,936				
PG&E Corp.	8,638	379,748	345,582				
Piedmont Natural Gas Co. Inc.	1,110	32,546	34,572				
Pinnacle West Capital Corp.	2,301	99,960	116,755				
PNM Resources Inc.	2,105	26,778	42,988				
Portland General Electric Co.	1,691	37,188	46,067				
PPL Corp.	8,745	268,890	249,206				

## Schedule A — Forward Currency Contracts (a)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy	1,965,000	USD	01-04-13	1,939,773	1,956,593	16,820
Buy	1,360,000	USD	01-04-13	1,349,664	1,354,181	4,517
Buy	485,000	USD	01-04-13	478,774	482,925	4,151
Buy	130,000	USD	01-04-13	129,012	129,444	432
Buy	14,880,000	USD	01-04-13	14,816,611	14,816,338	(273)
Buy	119,585,000	USD	01-04-13	119,075,568	119,073,376	(2,192)
Sell	(80,000)	USD	02-05-13	(79,706)	(79,712)	(6)
Sell	(655,000)	USD	02-05-13	(652,596)	(652,648)	(52)
Sell	(90,000)	USD	01-04-13	(89,456)	(89,615)	(159)
Sell	(70,000)	USD	01-04-13	(69,547)	(69,701)	(154)
Sell	(14,880,000)	USD	02-05-13	(14,825,807)	(14,826,581)	(774)
Sell	(560,000)	USD	01-04-13	(556,375)	(557,604)	(1,229)
Sell	(795,000)	USD	01-04-13	(790,193)	(791,599)	(1,406)
Sell	(119,585,000)	USD	02-05-13	(119,149,471)	(119,155,690)	(6,219)
Sell	(15,335,000)	USD	01-04-13	(15,242,576)	(15,269,392)	(26,816)
Sell	(121,555,000)	USD	01-04-13	(120,822,388)	(121,034,947)	(212,559)
						(225,919)

(a) The forward currency contracts are entered with Royal Bank of Canada having Standard & Poor's credit rating of A-1+ and BNP Paribas SA, Credit Suisse First Boston and Deutsche Bank AG all having Standard & Poor's credit rating of A-1.

The accompanying notes are an integral part of the financial statements.

## iShares US Fundamental Index Fund (continued)

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As at December 31, 2011, the investments categorized by sector/  
investment type are included in the following table:

<b>Sector/Investment Type</b>	<b>Percentage of Net Assets (%)</b>
Consumer Discretionary .....	11.17
Consumer Staples .....	12.14
Energy .....	11.36
Financial Services .....	15.27
Health Care .....	11.46
Industrials .....	11.18
Information Technology .....	11.07
Materials .....	3.40
Real Estate Investment Trusts .....	2.11
Telecommunications Services .....	4.85
Utilities .....	6.66
Unrealized Depreciation on Forward Currency Contracts .....	(0.07)
Cash and Cash Equivalents .....	0.24
Other Assets, Less Liabilities .....	(0.84)
Total .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Gold Bullion Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Gold Bullion, at fair value (Notes 2 and 5) .....	\$608,765,977	\$569,503,994
Cash and cash equivalents .....	842,676	679,737
Receivables:		
Investment securities sold .....	1,331,548	—
Income tax refund .....	431,259	—
Unrealized appreciation on forward currency contracts (Notes 2) .....	1,309	9,880,370
<b>Total Assets</b> .....	<u>611,372,769</u>	<u>580,064,101</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	288,558	284,326
Independent review committee fees .....	750	4,160
Unrealized depreciation on forward currency contracts (Note 2) .....	1,087,655	112,938
<b>Total Liabilities</b> .....	<u>1,376,963</u>	<u>401,424</u>
<b>Net Assets</b> .....	<u>\$609,995,806</u>	<u>\$579,662,677</u>
<b>Net Assets</b>		
Hedged Units .....	\$572,672,567	\$550,616,817
Non-hedged Units .....	37,323,239	29,045,860
<b>Total</b> .....	<u>\$609,995,806</u>	<u>\$579,662,677</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Hedged Units .....	38,500,000	39,056,301
Non-hedged Units .....	2,500,000	2,000,000
<b>Net Assets per Unit</b>		
Hedged Units .....	\$ 14.87	\$ 14.10
Non-hedged Units .....	\$ 14.93	\$ 14.52

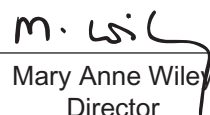
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Miscellaneous income .....	\$ —	\$ 193
<b>Total revenue</b> .....	<u>—</u>	<u>193</u>
<b>Expenses</b>		
Management fees (Note 9) .....	3,297,203	2,979,111
Independent review committee fees .....	8,709	23,255
<b>Total expenses</b> .....	<u>3,305,912</u>	<u>3,002,366</u>
<b>Net Investment Loss</b> .....	<u>(3,305,912)</u>	<u>(3,002,173)</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	14,457,659	24,168,126
Net realized gain (loss) on forward currency contracts .....	40,494,430	(18,000,146)
Net realized loss on foreign exchange transactions .....	(14,567,350)	(4,622,980)
Net change in unrealized appreciation/depreciation in value of investments .....	2,817,889	44,271,827
Net change in unrealized appreciation/depreciation in value of forward currency contracts .....	(10,853,778)	3,627,907
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	(2,524)	—
<b>Net realized and unrealized gain on investments</b> .....	<u>32,346,326</u>	<u>49,444,734</u>
<b>Increase in Net Assets from Operations</b> .....	<u>\$ 29,040,414</u>	<u>\$ 46,442,561</u>
<b>Increase in Net Assets from Operations</b>		
Hedged Units .....	\$ 27,913,768	\$ 43,508,101
Non-hedged Units .....	1,126,646	2,934,460
<b>Total</b> .....	<u>\$ 29,040,414</u>	<u>\$ 46,442,561</u>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Hedged Units .....	\$ 0.74	\$ 1.18
Non-hedged Units .....	\$ 0.48	\$ 1.72

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$579,662,677	\$483,681,908
<b>Increase in Net Assets from Operations</b> .....	29,040,414	46,442,561
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	39,059,616	106,894,401
Reinvestment of distributions .....	14,741,265	—
Payments for units redeemed .....	(37,766,901)	(57,356,000)
<b>Net capital transactions</b> .....	16,033,980	49,538,401
<b>Distributions (Note 7)</b>		
From net investment income .....	—	(193)
From capital gains .....	(14,741,265)	—
<b>Total distributions</b> .....	(14,741,265)	(193)
<b>Increase in Net Assets</b> .....	30,333,129	95,980,769
<b>Net Assets, End of Year</b> .....	\$609,995,806	\$579,662,677
<b>Hedged Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$550,616,817	\$483,681,908
<b>Increase in Net Assets from Operations</b> .....	27,913,768	43,508,101
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	31,014,000	80,783,001
Reinvestment of distributions .....	14,741,265	—
Payments for units redeemed .....	(36,872,018)	(57,356,000)
<b>Net capital transactions</b> .....	8,883,247	23,427,001
<b>Distributions (Note 7)</b>		
From net investment income .....	—	(193)
From capital gains .....	(14,741,265)	—
<b>Total distributions</b> .....	(14,741,265)	(193)
<b>Increase in Net Assets</b> .....	22,055,750	66,934,909
<b>Net Assets, End of Year</b> .....	\$572,672,567	\$550,616,817
<b>Non-hedged Units:</b>		
<b>Net Assets, Beginning of Year (a)</b> .....	\$ 29,045,860	\$ —
<b>Increase in Net Assets from Operations</b> .....	1,126,646	2,934,460
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	8,045,616	26,111,400
Payments for units redeemed .....	(894,883)	—
<b>Net capital transactions</b> .....	7,150,733	26,111,400
<b>Increase in Net Assets</b> .....	8,277,379	29,045,860
<b>Net Assets, End of Year</b> .....	\$ 37,323,239	\$ 29,045,860

(a) The Non-hedged Units commenced operations on March 31, 2011.

## Statement of Investments

As at December 31, 2012

Security	Ounces	Average cost (\$)	Fair value (\$)
<b>Bullion — 99.80%</b>			
Gold Bullion .....	367,425	478,518,556	608,765,977
<b>Total Investments — 99.80%</b> .....		478,518,556	608,765,977
<b>Unrealized Depreciation on Forward Currency Contracts (Schedule A) — (0.18)%</b> .....			(1,086,346)
<b>Cash and Cash Equivalents — 0.14%</b> .....			842,676
<b>Other Assets, Less Liabilities — 0.24%</b> .....			1,473,499
<b>Net Assets — 100.00%</b> .....			609,995,806

## Schedule A — Forward Currency Contracts (b)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy .....	700,000	USD	02-04-13	696,164	697,473	1,309
Buy .....	24,355,000	USD	01-03-13	24,250,761	24,250,274	(487)
Buy .....	572,420,000	USD	01-03-13	569,970,042	569,958,594	(11,448)
Sell .....	(2,205,000)	USD	01-03-13	(2,191,660)	(2,195,519)	(3,859)
Sell .....	(3,605,000)	USD	01-03-13	(3,581,593)	(3,589,499)	(7,906)
Sell .....	(572,420,000)	USD	02-04-13	(570,323,798)	(570,353,564)	(29,766)
Sell .....	(590,965,000)	USD	01-03-13	(587,389,662)	(588,423,851)	(1,034,189)
						(1,086,346)

(b) The forward currency contracts are entered with BNP Paribas SA, Credit Suisse First Boston, Deutsche Bank AG and UBS AG all having Standard & Poor's credit rating of A-1.

As at December 31, 2011, the investments categorized by investment type are included in the following table:

Investment Type	Percentage of Net Assets (%)
Gold Bullion .....	98.25
Unrealized Appreciation on Forward Currency Contracts .....	1.68
Cash and Cash Equivalents .....	0.12
Other Assets, Less Liabilities .....	(0.05)
<b>Total</b> .....	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.

# iShares Silver Bullion Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Silver Bullion, at fair value (Notes 2 and 5) . . . . .	\$127,603,428	\$137,628,035
Cash and cash equivalents . . . . .	435,153	892,230
Receivables:		
Income tax refund . . . . .	4,104	—
Unrealized appreciation on forward currency contracts (Notes 2) . . . . .	—	1,981,851
<b>Total Assets</b> . . . . .	<b>128,042,685</b>	<b>140,502,116</b>
<b>Liabilities</b>		
Payables:		
Management fees . . . . .	76,285	84,504
Independent review committee fees . . . . .	172	857
Issuance cost . . . . .	147,844	155,444
Unrealized depreciation on forward currency contracts (Note 2) . . . . .	209,813	31,835
<b>Total Liabilities</b> . . . . .	<b>434,114</b>	<b>272,640</b>
<b>Net Assets</b> . . . . .	<b>\$127,608,571</b>	<b>\$140,229,476</b>
<b>Net Assets</b>		
Hedged Units . . . . .	\$100,252,491	\$106,312,495
Non-hedged Units . . . . .	27,356,080	33,916,981
<b>Total</b> . . . . .	<b>\$127,608,571</b>	<b>\$140,229,476</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Hedged Units . . . . .	5,750,000	6,445,559
Non-hedged Units . . . . .	2,250,000	2,887,166
<b>Net Assets per Unit</b>		
Hedged Units . . . . .	\$ 17.44	\$ 16.49
Non-hedged Units . . . . .	\$ 12.16	\$ 11.75

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Expenses</b>		
Management fees (Note 9) . . . . .	\$ 960,397	\$ 961,916
Independent review committee fees . . . . .	2,371	5,921
<b>Total expenses</b> . . . . .	<b>962,768</b>	<b>967,837</b>
<b>Net Investment Loss</b> . . . . .	<b>(962,768)</b>	<b>(967,837)</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments . . . . .	902,199	6,736,112
Net realized gain (loss) on forward currency contracts . . . . .	8,119,789	(4,163,651)
Net realized loss on foreign exchange transactions . . . . .	(3,051,237)	(2,197,059)
Net change in unrealized appreciation/depreciation in value of investments . . . . .	3,222,764	(27,596,591)
Net change in unrealized appreciation/depreciation in value of forward currency contracts . . . . .	(2,159,829)	845,556
Net change in unrealized appreciation/depreciation on foreign exchange transactions . . . . .	(473)	—
<b>Net realized and unrealized gain (loss) on investments</b> . . . . .	<b>7,033,213</b>	<b>(26,375,633)</b>
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	<b>\$ 6,070,445</b>	<b>\$(27,343,470)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Hedged Units . . . . .	\$ 5,340,082	\$(20,747,254)
Non-hedged Units . . . . .	730,363	(6,596,216)
<b>Total</b> . . . . .	<b>\$ 6,070,445</b>	<b>\$(27,343,470)</b>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Hedged Units . . . . .	\$ 0.87	\$ (3.84)
Non-hedged Units . . . . .	\$ 0.28	\$ (2.35)

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$140,229,476	\$ 88,702,934
<b>Increase (Decrease) in Net Assets from Operations</b> .....	6,070,445	(27,343,470)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	—	88,938,459
Issuance cost .....	—	(5,064,759)
Payments for units redeemed .....	(18,691,350)	(5,003,688)
<b>Net capital transactions</b> .....	(18,691,350)	78,870,012
<b>Increase (Decrease) in Net Assets</b> .....	(12,620,905)	51,526,542
<b>Net Assets, End of Year</b> .....	\$127,608,571	\$140,229,476
<b>Hedged Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$106,312,495	\$ 88,702,934
<b>Increase (Decrease) in Net Assets from Operations</b> .....	5,340,082	(20,747,254)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	—	45,933,708
Issuance cost .....	—	(2,573,205)
Payments for units redeemed .....	(11,400,086)	(5,003,688)
<b>Net capital transactions</b> .....	(11,400,086)	38,356,815
<b>Increase (Decrease) in Net Assets</b> .....	(6,060,004)	17,609,561
<b>Net Assets, End of Year</b> .....	\$100,252,491	\$106,312,495
<b>Non-hedged Units:</b>		
<b>Net Assets, Beginning of Year (a)</b> .....	\$ 33,916,981	\$ —
<b>Increase (Decrease) in Net Assets from Operations</b> .....	730,363	(6,596,216)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	—	43,004,751
Issuance cost .....	—	(2,491,554)
Payments for units redeemed .....	(7,291,264)	—
<b>Net capital transactions</b> .....	(7,291,264)	40,513,197
<b>Increase (Decrease) in Net Assets</b> .....	(6,560,901)	33,916,981
<b>Net Assets, End of Year</b> .....	\$ 27,356,080	\$ 33,916,981

(a) The Non-hedged Units commenced operations on March 4, 2011.

## Statement of Investments

As at December 31, 2012

Security	Ounces	Average cost (\$)	Fair value (\$)
<b>Bullion — 99.99%</b>			
Silver Bullion .....	4,278,948	114,594,972	127,603,428
<b>Total Investments — 99.99%</b> .....		114,594,972	127,603,428
<b>Unrealized Depreciation on Forward Currency Contracts (Schedule A) — (0.16)%</b> .....			(209,813)
<b>Cash and Cash Equivalents — 0.34%</b> .....			435,153
<b>Other Assets, Less Liabilities — (0.17)%</b> .....			(220,197)
<b>Net Assets — 100.00%</b> .....			127,608,571

## Schedule A — Forward Currency Contracts (b)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized depreciation (CAD)
Buy .....	100,950,000	USD	01-03-13	100,517,934	100,515,915	(2,019)
Buy .....	14,360,000	USD	01-03-13	14,298,539	14,298,252	(287)
Sell .....	(1,050,000)	USD	01-03-13	(1,043,182)	(1,045,485)	(2,303)
Sell .....	(100,950,000)	USD	02-04-13	(100,580,321)	(100,585,570)	(5,249)
Sell .....	(6,225,000)	USD	01-03-13	(6,187,339)	(6,198,233)	(10,894)
Sell .....	(108,035,000)	USD	01-03-13	(107,381,388)	(107,570,449)	(189,061)
						(209,813)

(b) The forward currency contracts are entered with BNP Paribas SA, Credit Suisse First Boston and Deutsche Bank AG all having Standard & Poor's credit rating of A-1.

As at December 31, 2011, the investments categorized by investment type are included in the following table:

Investment Type	Percentage of Net Assets (%)
Silver Bullion .....	98.14
Unrealized Appreciation on Forward Currency Contracts .....	1.40
Cash and Cash Equivalents .....	0.63
Other Assets, Less Liabilities .....	(0.17)
<b>Total</b> .....	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.

# iShares Balanced Growth CorePortfolio™ Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$23,869,520	\$20,152,708
Cash and cash equivalents .....	67,410	19,648
Receivables:		
Dividends .....	195,096	181,423
Total Assets .....	<u>24,132,026</u>	<u>20,353,779</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	5,536	5,172
Service fees .....	6,197	8,078
Independent review committee fees .....	27	194
Distribution .....	237,960	28,431
Total Liabilities .....	<u>249,720</u>	<u>41,875</u>
<b>Net Assets</b> .....	<u>\$23,882,306</u>	<u>\$20,311,904</u>
<b>Net Assets</b>		
Common Units .....	\$17,179,396	\$12,417,371
Advisor Class Units .....	6,702,910	7,894,533
Total .....	<u>\$23,882,306</u>	<u>\$20,311,904</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	1,100,000	856,000
Advisor Class Units .....	425,000	545,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 15.62	\$ 14.51
Advisor Class Units .....	\$ 15.77	\$ 14.49

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$ 601,242	\$ 424,232
Securities lending income (Note 10) ...	24,326	9,679
Total revenue .....	<u>625,568</u>	<u>433,911</u>
<b>Expenses</b>		
Management fees (Note 9) .....	60,655	58,991
Service fees (Note 9) .....	76,121	92,401
Independent review committee fees ...	251	1,013
Interest and bank charges .....	—	18
Total expenses .....	<u>137,027</u>	<u>152,423</u>
<b>Net Investment Income</b> .....	<u>488,541</u>	<u>281,488</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	232,203	502,892
Transaction costs (Notes 2 and 13) ...	(2,847)	(3,933)
Net change in unrealized appreciation/ depreciation in value of investments .....	1,541,556	(1,939,740)
<b>Net realized and unrealized gain (loss) on investments</b> .....	<u>1,770,912</u>	<u>(1,440,781)</u>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<u>\$2,259,453</u>	<u>\$(1,159,293)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$1,621,363	\$ (647,263)
Advisor Class Units .....	638,090	(512,030)
Total .....	<u>\$2,259,453</u>	<u>\$(1,159,293)</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.61	\$ (0.76)
Advisor Class Units .....	\$ 1.40	\$ (0.94)

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.





## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . . .	\$20,311,904	\$21,058,017
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	2,259,453	(1,159,293)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	4,631,485	2,216,175
Payments for units redeemed . . . . .	(2,771,788)	(1,447,800)
<b>Net capital transactions</b> . . . . .	1,859,697	768,375
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(545,250)	(200,074)
From capital gains . . . . .	—	(155,121)
Return of capital . . . . .	(3,498)	—
<b>Total distributions</b> . . . . .	(548,748)	(355,195)
<b>Increase (Decrease) in Net Assets</b> . . . . .	3,570,402	(746,113)
<b>Net Assets, End of Year</b> . . . . .	\$23,882,306	\$20,311,904
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$12,417,371	\$12,565,943
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	1,621,363	(647,263)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	4,248,447	2,216,175
Payments for units redeemed . . . . .	(615,416)	(1,447,800)
<b>Net capital transactions</b> . . . . .	3,633,031	768,375
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(492,369)	(127,561)
From capital gains . . . . .	—	(142,123)
<b>Total distributions</b> . . . . .	(492,369)	(269,684)
<b>Increase (Decrease) in Net Assets</b> . . . . .	4,762,025	(148,572)
<b>Net Assets, End of Year</b> . . . . .	\$17,179,396	\$12,417,371
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$ 7,894,533	\$ 8,492,074
<b>Increase (Decrease) in Net Assets from Operations</b> . . . . .	638,090	(512,030)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	383,038	—
Payments for units redeemed . . . . .	(2,156,372)	—
<b>Net capital transactions</b> . . . . .	(1,773,334)	—
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(52,881)	(72,513)
From capital gains . . . . .	—	(12,998)
Return of capital . . . . .	(3,498)	—
<b>Total distributions</b> . . . . .	(56,379)	(85,511)
<b>Decrease in Net Assets</b> . . . . .	(1,191,623)	(597,541)
<b>Net Assets, End of Year</b> . . . . .	\$ 6,702,910	\$ 7,894,533

## Statement of Investments

As at December 31, 2012

Security	Units	Average cost (\$)	Fair value (\$)
<b>Exchange-Traded Funds — 99.95%</b>			
<b>Canadian Bonds — 13.36%</b>			
iShares 1-5 Year Laddered Corporate Bond Index Fund, Common . . . . .	23,404	480,688	471,591
iShares 1-5 Year Laddered Government Bond Index Fund, Common . . . . .	101,269	2,047,346	2,001,075
iShares DEX Real Return Bond Index Fund . . . . .	27,876	663,247	718,365
		3,191,281	3,191,031
<b>Canadian Equities — 17.08%</b>			
iShares Canadian Fundamental Index Fund, Common . . . . .	344,143	3,751,002	4,078,095
		3,751,002	4,078,095
<b>Canadian Preferred Stocks — 2.98%</b>			
iShares S&P/TSX Canadian Preferred Share Index Fund, Common . . . . .	41,263	697,504	710,961
		697,504	710,961
<b>Commodities — 7.18%</b>			
iShares Broad Commodity Index Fund (CAD-Hedged), Common . . . . .	25,835	635,297	570,178
iShares Gold Bullion Fund, Hedged Common . . . . .	38,030	483,028	568,548
iShares Gold Bullion Fund, Non-hedged Common . . . . .	38,524	554,828	576,704
		1,673,153	1,715,430
<b>Emerging Market Equities — 6.57%</b>			
iShares BRIC Index Fund, Common . . . . .	34,128	891,848	836,136
iShares Broad Emerging Markets Fund, Common . . . . .	24,292	723,760	733,618
		1,615,608	1,569,754
<b>International Bonds — 2.97%</b>			
iShares Advantaged Short Duration High Income Fund, Common . . . . .	17,667	337,724	355,107
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged), Common . . . . .	16,751	318,195	355,121
		655,919	710,228
<b>International Equities — 39.53%</b>			
iShares Global Agriculture Index Fund, Common . . . . .	26,830	523,571	612,529
iShares Global Infrastructure Index Fund, Common . . . . .	19,683	336,032	348,586
iShares International Fundamental Index Fund, Common . . . . .	296,064	3,910,532	3,813,304
iShares S&P Global Water Index Fund, Common . . . . .	28,832	422,681	487,261
iShares US Fundamental Index Fund, Hedged Common . . . . .	220,669	3,836,982	4,177,264
		9,029,798	9,438,944
<b>Real Estate Investment Trusts — 10.28%</b>			
iShares S&P/TSX Capped REIT Index Fund . . . . .	35,141	467,694	601,614
iShares Global Real Estate Index Fund, Common . . . . .	93,989	1,505,844	1,853,463
		1,973,538	2,455,077
<b>Total Exchange-Traded Funds — 99.95%</b> . . . . .		22,587,803	23,869,520
<b>Transaction costs (Note 2)</b> . . . . .		(4,818)	—
<b>Total Investments — 99.95%</b> . . . . .		22,582,985	23,869,520
<b>Cash and Cash Equivalents — 0.28%</b> . . . . .			67,410
<b>Other Assets, Less Liabilities — (0.23)%</b> . . . . .			(54,624)
<b>Net Assets — 100.00%</b> . . . . .			23,882,306

The accompanying notes are an integral part of the financial statements.

## iShares Balanced Growth CorePortfolio™ Fund (continued)

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As at December 31, 2011, the investments categorized by asset class/investment type are included in the following table:

<u>Asset Class/Investment Type</u>	<u>Percentage of Net Assets (%)</u>
Canadian Bonds .....	13.17
Canadian Equities .....	34.72
Canadian Preferred Stocks .....	1.99
Commodities .....	6.72
Emerging Markets Equities .....	8.81
International Bonds .....	2.03
International Equities .....	23.23
Real Estate Investment Trusts .....	8.55
Cash and Cash Equivalents .....	0.10
Other Assets, Less Liabilities .....	0.68
Total .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Balanced Income CorePortfolio™ Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$68,900,199	\$51,230,581
Cash and cash equivalents .....	32,316	36,379
Receivables:		
Dividends .....	280,789	268,703
<b>Total Assets</b> .....	<u>69,213,304</u>	<u>51,535,663</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	15,955	12,223
Service fees .....	12,956	16,023
Independent review committee fees .....	75	361
Investment securities purchased .....	90,794	—
Distribution .....	153,153	121,020
<b>Total Liabilities</b> .....	<u>272,933</u>	<u>149,627</u>
<b>Net Assets</b> .....	<u>\$68,940,371</u>	<u>\$51,386,036</u>
<b>Net Assets</b>		
Common Units .....	\$55,082,714	\$36,673,632
Advisor Class Units .....	13,857,657	14,712,404
<b>Total</b> .....	<u>\$68,940,371</u>	<u>\$51,386,036</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	2,775,000	1,940,000
Advisor Class Units .....	700,000	780,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 19.85	\$ 18.90
Advisor Class Units .....	\$ 19.80	\$ 18.86

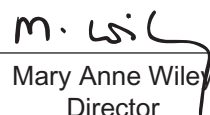
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$1,593,152	\$1,159,017
Securities lending income (Note 10) ...	103,010	19,915
<b>Total revenue</b> .....	<u>1,696,162</u>	<u>1,178,932</u>
<b>Expenses</b>		
Management fees (Note 9) .....	170,496	124,870
Service fees (Note 9) .....	162,384	175,869
Independent review committee fees ...	900	1,981
Interest and bank charges .....	—	113
<b>Total expenses</b> .....	<u>333,780</u>	<u>302,833</u>
<b>Net Investment Income</b> .....	<u>1,362,382</u>	<u>876,099</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	1,296,036	1,032,536
Transaction costs (Notes 2 and 13) ....	(10,723)	(5,815)
Net change in unrealized appreciation/ depreciation in value of investments .....	1,894,608	(686,771)
<b>Net realized and unrealized gain on investments</b> .....	<u>3,179,921</u>	<u>339,950</u>
<b>Increase in Net Assets from Operations</b> .....	<u>\$4,542,303</u>	<u>\$1,216,049</u>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$3,571,616	\$ 905,937
Advisor Class Units .....	970,687	310,112
<b>Total</b> .....	<u>\$4,542,303</u>	<u>\$1,216,049</u>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 1.47	\$ 0.58
Advisor Class Units .....	\$ 1.28	\$ 0.37

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . . .	\$51,386,036	\$39,739,077
<b>Increase in Net Assets from Operations</b> . . . . .	4,542,303	1,216,049
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	16,207,329	13,309,636
Reinvestment of distributions . . . . .	406,010	—
Payments for units redeemed . . . . .	(1,562,839)	(1,412,858)
<b>Net capital transactions</b> . . . . .	15,050,500	11,896,778
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(1,392,579)	(856,563)
From capital gains . . . . .	(475,754)	(609,305)
Return of capital . . . . .	(170,135)	—
<b>Total distributions</b> . . . . .	(2,038,468)	(1,465,868)
<b>Increase in Net Assets</b> . . . . .	17,554,335	11,646,959
<b>Net Assets, End of Year</b> . . . . .	\$68,940,371	\$51,386,036
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$36,673,632	\$24,669,194
<b>Increase in Net Assets from Operations</b> . . . . .	3,571,616	905,937
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	16,207,329	12,156,081
Reinvestment of distributions . . . . .	406,010	—
<b>Net capital transactions</b> . . . . .	16,613,339	12,156,081
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(1,300,119)	(637,721)
From capital gains . . . . .	(475,754)	(419,859)
<b>Total distributions</b> . . . . .	(1,775,873)	(1,057,580)
<b>Increase in Net Assets</b> . . . . .	18,409,082	12,004,438
<b>Net Assets, End of Year</b> . . . . .	\$55,082,714	\$36,673,632
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . . .	\$14,712,404	\$15,069,883
<b>Increase in Net Assets from Operations</b> . . . . .	970,687	310,112
<b>Capital Transactions</b>		
Proceeds from issuance of units . . . .	—	1,153,555
Payments for units redeemed . . . . .	(1,562,839)	(1,412,858)
<b>Net capital transactions</b> . . . . .	(1,562,839)	(259,303)
<b>Distributions (Note 7)</b>		
From net investment income . . . . .	(92,460)	(218,842)
From capital gains . . . . .	—	(189,446)
Return of capital . . . . .	(170,135)	—
<b>Total distributions</b> . . . . .	(262,595)	(408,288)
<b>Decrease in Net Assets</b> . . . . .	(854,747)	(357,479)
<b>Net Assets, End of Year</b> . . . . .	\$13,857,657	\$14,712,404

## Statement of Investments

As at December 31, 2012

Security	Units	Average cost (\$)	Fair value (\$)
<b>Exchange-Traded Funds — 99.94%</b>			
<b>Canadian Bonds — 40.28%</b>			
iShares 1-5 Year Laddered Corporate Bond Index Fund, Common . . . . .	254,264	5,204,998	5,123,420
iShares 1-5 Year Laddered Government Bond Index Fund, Common . . . . .	724,834	14,642,959	14,322,719
iShares DEX Real Return Bond Index Fund . . . . .	323,033	7,708,946	8,324,560
		27,556,903	27,770,699
<b>Canadian Equities — 17.77%</b>			
iShares Equal Weight Banc & Lifeco Fund, Common . . . . .	336,360	2,325,237	2,529,427
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund, Common . . . . .	433,309	9,181,465	9,723,454
		11,506,702	12,252,881
<b>Canadian Preferred Stocks — 4.98%</b>			
iShares S&P/TSX Canadian Preferred Share Index Fund, Common . . . . .	199,237	3,352,510	3,432,854
		3,352,510	3,432,854
<b>Commodities — 2.40%</b>			
iShares Broad Commodity Index Fund (CAD-Hedged), Common . . . . .	29,937	729,892	660,710
iShares Gold Bullion Fund, Hedged Common . . . . .	44,069	660,217	658,832
iShares Gold Bullion Fund, Non-hedged Common . . . . .	22,342	311,477	334,460
		1,701,586	1,654,002
<b>International Bonds — 3.98%</b>			
iShares Advantaged Short Duration High Income Fund, Common . . . . .	68,242	1,297,018	1,371,664
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged), Common . . . . .	64,702	1,214,303	1,371,682
		2,511,321	2,743,346
<b>International Equities — 10.25%</b>			
iShares S&P US Dividend Growers Index Fund, Common . . . . .	305,032	6,888,897	7,064,541
		6,888,897	7,064,541
<b>Multi-Asset — 7.90%</b>			
iShares Global Monthly Advantaged Dividend Index Fund, Common . . . . .	354,383	5,048,060	5,446,867
		5,048,060	5,446,867
<b>Real Estate Investment Trusts — 12.38%</b>			
iShares S&P/TSX Capped REIT Index Fund . . . . .	122,167	1,659,568	2,091,499
iShares Global Real Estate Index Fund, Common . . . . .	326,750	5,369,955	6,443,510
		7,029,523	8,535,009
<b>Total Exchange-Traded Funds — 99.94%</b> . . . . .		65,595,503	68,900,199
<b>Transaction costs (Note 2)</b> . . . . .		(13,906)	—
<b>Total Investments — 99.94%</b> . . . . .		65,581,597	68,900,199
<b>Cash and Cash Equivalents — 0.05%</b> . . . . .			32,316
<b>Other Assets, Less Liabilities — 0.01%</b> . . . . .			7,856
<b>Net Assets — 100.00%</b> . . . . .			68,940,371

The accompanying notes are an integral part of the financial statements.

## iShares Balanced Income CorePortfolio™ Fund (continued)

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As at December 31, 2011, the investments categorized by asset class/investment type are included in the following table:

<u>Asset Class/Investment Type</u>	<u>Percentage of Net Assets (%)</u>
Canadian Bonds .....	40.51
Canadian Equities .....	18.06
Canadian Preferred Stocks .....	4.93
Commodities .....	1.91
International Bonds .....	3.00
Multi-Asset .....	19.35
Real Estate Investment Trusts .....	11.94
Cash and Cash Equivalents .....	0.07
Other Assets, Less Liabilities .....	0.23
Total .....	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Canadian Financial Monthly Income Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$242,157,901	\$194,231,508
Cash and cash equivalents .....	1,867,305	629,228
Receivables:		
Dividends .....	903,715	687,413
Capital units sold .....	1,318,080	609,840
Investment securities sold .....	—	1,198,411
Other .....	—	830
<b>Total Assets</b> .....	<b>246,247,001</b>	<b>197,357,230</b>
<b>Liabilities</b>		
Loan facility (Note 8) .....	12,957,073	12,981,801
Payables:		
Management fees .....	110,534	193,954
Service fees .....	80,196	163,709
Independent review committee fees .....	4,924	6,882
Other accrued liabilities .....	204,155	222,425
Capital units redeemed .....	640,440	1,197,320
Investment securities purchased .....	679,154	—
Distribution .....	1,416,000	1,192,262
<b>Total Liabilities</b> .....	<b>16,092,476</b>	<b>15,958,353</b>
<b>Net Assets</b> .....	<b>\$230,154,525</b>	<b>\$181,398,877</b>
<b>Net Assets</b>		
Common Units .....	\$109,917,322	\$ 57,959,419
Advisor Class Units .....	120,237,203	123,439,458
<b>Total</b> .....	<b>\$230,154,525</b>	<b>\$181,398,877</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	16,700,000	9,372,000
Advisor Class Units .....	18,800,000	20,334,556
<b>Net Assets per Unit</b>		
Common Units .....	\$ 6.58	\$ 6.18
Advisor Class Units .....	\$ 6.40	\$ 6.07

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$ 9,056,115	\$ 8,128,162
Securities lending income (Note 10) .....	54,317	29,529
<b>Total revenue</b> .....	<b>9,110,432</b>	<b>8,157,691</b>
<b>Expenses</b>		
Management fees (Note 9) .....	1,227,371	1,084,287
Service fees (Note 9) .....	1,020,183	1,163,941
Independent review committee fees .....	2,257	6,267
Interest on loan facility and related expenses .....	340,652	367,199
Custodian and fund accounting fees .....	38,918	43,380
Recordkeeping fees .....	15,532	19,038
Unitholder communication costs .....	—	22,515
Legal fees .....	—	20,191
Listing fees .....	—	27,075
Audit fees .....	—	13,548
Other expenses .....	—	24,131
<b>Total expenses</b> .....	<b>2,644,913</b>	<b>2,791,572</b>
<b>Net Investment Income</b> .....	<b>6,465,519</b>	<b>5,366,119</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	3,276,116	2,920,214
Net realized gain (loss) on foreign exchange transactions .....	(401)	932
Transaction costs (Notes 2 and 13) .....	(23,871)	(35,289)
Net change in unrealized appreciation/depreciation in value of investments .....	17,360,756	(15,473,869)
Net change in unrealized appreciation/depreciation on foreign exchange transactions .....	—	212
<b>Net realized and unrealized gain (loss) on investments</b> .....	<b>20,612,600</b>	<b>(12,587,800)</b>
<b>Increase (Decrease) in Net Assets from Operations</b> .....	<b>\$27,078,119</b>	<b>\$ (7,221,681)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$11,251,941	\$ (2,199,513)
Advisor Class Units .....	15,826,178	(5,022,168)
<b>Total</b> .....	<b>\$27,078,119</b>	<b>\$ (7,221,681)</b>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.87	\$ (0.34)
Advisor Class Units .....	\$ 0.80	\$ (0.23)

Approved on behalf of the trustee  
**BlackRock Asset Management Canada Limited**

  
 Noel Archard  
 Director

  
 Mary Anne Wiley  
 Director

The accompanying notes are an integral part of the financial statements.





## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$181,398,877	\$172,493,701
<b>Increase (Decrease) in Net Assets from Operations</b> .....	27,078,119	(7,221,681)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	51,361,612	41,659,014
Payments for units redeemed .....	(13,935,461)	(12,216,930)
<b>Net capital transactions</b> .....	37,426,151	29,442,084
<b>Distributions (Note 7)</b>		
From net investment income .....	(5,792,909)	(4,400,661)
From capital gains .....	—	(2,912,765)
Return of capital .....	(9,955,713)	(6,001,801)
<b>Total distributions</b> .....	(15,748,622)	(13,315,227)
<b>Increase in Net Assets</b> .....	48,755,648	8,905,176
<b>Net Assets, End of Year</b> .....	\$230,154,525	\$181,398,877
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 57,959,419	\$ 22,813,494
<b>Increase (Decrease) in Net Assets from Operations</b> .....	11,251,941	(2,199,513)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	47,334,427	40,520,278
Payments for units redeemed .....	(309,665)	—
<b>Net capital transactions</b> .....	47,024,762	40,520,278
<b>Distributions (Note 7)</b>		
From net investment income .....	(5,446,961)	(1,206,439)
From capital gains .....	—	(641,318)
Return of capital .....	(871,839)	(1,327,083)
<b>Total distributions</b> .....	(6,318,800)	(3,174,840)
<b>Increase in Net Assets</b> .....	51,957,903	35,145,925
<b>Net Assets, End of Year</b> .....	\$109,917,322	\$ 57,959,419
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$123,439,458	\$149,680,207
<b>Increase (Decrease) in Net Assets from Operations</b> .....	15,826,178	(5,022,168)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	4,027,185	1,138,736
Payments for units redeemed .....	(13,625,796)	(12,216,930)
<b>Net capital transactions</b> .....	(9,598,611)	(11,078,194)
<b>Distributions (Note 7)</b>		
From net investment income .....	(345,948)	(3,194,222)
From capital gains .....	—	(2,271,447)
Return of capital .....	(9,083,874)	(4,674,718)
<b>Total distributions</b> .....	(9,429,822)	(10,140,387)
<b>Decrease in Net Assets</b> .....	(3,202,255)	(26,240,749)
<b>Net Assets, End of Year</b> .....	\$120,237,203	\$123,439,458

## Statements of Cash Flows

For the years ended December 31

	2012	2011
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets from operations .....	\$ 27,078,119	\$ (7,221,681)
Purchase of investments .....	(86,079,743)	(69,140,217)
Proceeds from sale of investments .....	58,766,352	47,450,492
Items not affecting cash:		
Net realized gain on sale of investments .....	(3,276,116)	(2,920,214)
Transaction costs (note 2) .....	23,871	35,289
Change in unrealized appreciation/depreciation in value of investments .....	(17,360,756)	15,473,869
Change in non-cash working capital items .....	1,474,931	167,044
	<u>(19,373,342)</u>	<u>(16,155,418)</u>
<b>Cash flows from financing activities</b>		
Issuance of units for cash .....	50,653,372	41,659,014
Units redeemed .....	(14,492,341)	(12,216,930)
Distribution to unitholders .....	(15,524,884)	(13,132,746)
Increase (decrease) in loan facility .....	(24,728)	1,106
	<u>20,611,419</u>	<u>16,310,444</u>
<b>Net increase in cash and cash equivalents</b> .....	1,238,077	155,026
<b>Cash and cash equivalents, at beginning of year</b> .....	629,228	474,202
<b>Cash and cash equivalents, at end of year</b> .....	<u>\$ 1,867,305</u>	<u>\$ 629,228</u>

The accompanying notes are an integral part of the financial statements.

## iShares Canadian Financial Monthly Income Fund (continued)

### Statement of Investments

As at December 31, 2012

Security	Shares/ Units	Average cost (\$)	Fair value (\$)
<b>Exchange-Traded Funds — 30.96%</b>			
iShares 1-5 Year Laddered Corporate Bond Index Fund, Common	1,763,091	36,129,061	35,526,284
iShares S&P/TSX Canadian Preferred Share Index Fund, Common	2,073,323	35,038,813	35,723,355
		<u>71,167,874</u>	<u>71,249,639</u>
<b>Equities — 74.26%</b>			
<b>Financial Services — 67.17%</b>			
AGF Management Ltd., Class 'B'	162,606	2,026,530	1,609,799
Bank of Montreal	355,693	19,308,983	21,629,691
Bank of Nova Scotia	389,373	18,667,687	22,357,798
Brookfield Office Properties Inc.	81,521	1,343,789	1,376,074
Canadian Imperial Bank of Commerce	232,995	17,178,339	18,632,610
Great-West Lifeco Inc.	71,643	1,659,433	1,741,641
Home Capital Group Inc.	43,224	2,127,256	2,553,242
Industrial Alliance Insurance and Financial Services Inc.	56,339	1,697,022	1,765,101
Intact Financial Corp.	29,038	1,602,989	1,878,468
Laurentian Bank of Canada	40,487	1,911,769	1,789,525
Manulife Financial Corp.	192,247	3,053,087	2,591,490
National Bank of Canada	114,202	7,417,764	8,810,684
Onex Corp.	64,813	2,409,289	2,712,424
Power Corp. of Canada	110,655	3,033,959	2,800,678
Power Financial Corp.	85,662	2,331,738	2,330,006
Royal Bank of Canada	369,665	18,021,794	22,117,057
Sun Life Financial Inc.	605,778	16,481,341	15,956,193
Toronto-Dominion Bank (The)	262,224	17,362,306	21,935,038
		<u>137,635,075</u>	<u>154,587,519</u>
<b>Real Estate Investment Trusts — 7.09%</b>			
Allied Properties REIT	138,646	4,340,972	4,568,386
Artis REIT	138,883	2,016,180	2,172,130
Boardwalk REIT	116,176	6,982,212	7,471,279
RioCan REIT	76,689	1,805,235	2,108,948
		<u>15,144,599</u>	<u>16,320,743</u>
<b>Total Equities — 74.26%</b>		<u>152,779,674</u>	<u>170,908,262</u>
<b>Transaction costs (Note 2)</b>		(27,062)	—
<b>Total Investments — 105.22%</b>		<u>223,920,486</u>	<u>242,157,901</u>
<b>Cash and Cash Equivalents — 0.81%</b>			1,867,305
<b>Loan Facility — (5.63)%</b>			(12,957,073)
<b>Other Assets, Less Liabilities — (0.40)%</b>			(913,608)
<b>Net Assets — 100.00%</b>			<u>230,154,525</u>

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Exchange-Traded Funds	30.66
Financial Services	68.63
Real Estate	2.68
Real Estate Investment Trusts	5.10
Cash and Cash Equivalents	0.35
Loan Facility	(7.16)
Other Assets, Less Liabilities	(0.26)
<b>Total</b>	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Advantaged Canadian Bond Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$164,826,871	\$112,005,722
Cash and cash equivalents .....	687,901	765,190
Unrealized appreciation on equity forward agreement (Note 2) ....	7,056,305	5,602,056
<b>Total Assets</b> .....	<u>172,571,077</u>	<u>118,372,968</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	46,799	32,445
Service fees .....	4,803	5,091
Independent review committee fees .....	183	700
Distribution .....	385,100	312,710
<b>Total Liabilities</b> .....	<u>436,885</u>	<u>350,946</u>
<b>Net Assets</b> .....	<u>\$172,134,192</u>	<u>\$118,022,022</u>
<b>Net Assets</b>		
Common Units .....	\$161,776,434	\$107,603,928
Advisor Class Units .....	10,357,758	10,418,094
<b>Total</b> .....	<u>\$172,134,192</u>	<u>\$118,022,022</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	7,800,000	5,160,000
Advisor Class Units .....	500,000	500,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 20.74	\$ 20.85
Advisor Class Units .....	\$ 20.72	\$ 20.84

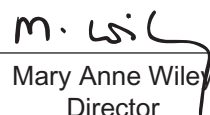
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$ —	\$ 8,525
<b>Total revenue</b> .....	<u>—</u>	<u>8,525</u>
<b>Expenses</b>		
Management fees (Note 9) .....	484,549	327,002
Service fees (Note 9) .....	60,523	55,778
Independent review committee fees .....	1,960	4,145
Interest and bank charges .....	—	37
<b>Total expenses</b> .....	<u>547,032</u>	<u>386,962</u>
<b>Net Investment Loss</b> .....	<u>(547,032)</u>	<u>(378,437)</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	30,627	1,043,857
Net realized loss on foreign exchange transactions .....	—	(151)
Net realized loss on equity forward agreement .....	(819,520)	(615,880)
Net change in unrealized appreciation/depreciation in value of investments .....	3,633,923	(19,081,376)
Net change in unrealized appreciation/depreciation on equity forward agreement .....	1,454,249	25,820,013
<b>Net realized and unrealized gain on investments</b> .....	<u>4,299,279</u>	<u>7,166,463</u>
<b>Increase in Net Assets from Operations</b> .....	<u>\$3,752,247</u>	<u>\$ 6,788,026</u>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$3,516,964	\$ 6,162,460
Advisor Class Units .....	235,283	625,566
<b>Total</b> .....	<u>\$3,752,247</u>	<u>\$ 6,788,026</u>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.53	\$ 1.40
Advisor Class Units .....	\$ 0.44	\$ 1.25

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$118,022,022	\$ 83,848,097
<b>Increase in Net Assets from Operations</b> .....	3,752,247	6,788,026
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	62,091,923	30,645,519
Payments for units redeemed .....	(7,239,905)	—
<b>Net capital transactions</b> .....	54,852,018	30,645,519
<b>Distributions (Note 7)</b>		
Return of capital .....	(4,492,095)	(3,259,620)
<b>Total distributions</b> .....	(4,492,095)	(3,259,620)
<b>Increase in Net Assets</b> .....	54,112,170	34,173,925
<b>Net Assets, End of Year</b> .....	\$172,134,192	\$118,022,022
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$107,603,928	\$ 73,773,069
<b>Increase in Net Assets from Operations</b> .....	3,516,964	6,162,460
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	61,063,982	30,645,519
Payments for units redeemed .....	(6,199,320)	—
<b>Net capital transactions</b> .....	54,864,662	30,645,519
<b>Distributions (Note 7)</b>		
Return of capital .....	(4,209,120)	(2,977,120)
<b>Total distributions</b> .....	(4,209,120)	(2,977,120)
<b>Increase in Net Assets</b> .....	54,172,506	33,830,859
<b>Net Assets, End of Year</b> .....	\$161,776,434	\$107,603,928
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 10,418,094	\$ 10,075,028
<b>Increase in Net Assets from Operations</b> .....	235,283	625,566
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	1,027,941	—
Payments for units redeemed .....	(1,040,585)	—
<b>Net capital transactions</b> .....	(12,644)	—
<b>Distributions (Note 7)</b>		
Return of capital .....	(282,975)	(282,500)
<b>Total distributions</b> .....	(282,975)	(282,500)
<b>Increase (Decrease) in Net Assets</b> .....	(60,336)	343,066
<b>Net Assets, End of Year</b> .....	\$ 10,357,758	\$ 10,418,094

## Statement of Investments

As at December 31, 2012

### Common Share Portfolio

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 95.75%</b>			
<b>Energy—18.38%</b>			
Athabasca Oil Corp. ....	1,026,205	11,526,216	10,703,318
Crew Energy Inc. ....	113,701	1,678,523	733,371
Legacy Oil + Gas Inc., Class 'A' .....	795,132	5,512,829	5,422,800
MEG Energy Corp. ....	226,815	10,259,996	6,899,712
Petrobank Energy and Resources Ltd. ....	9,295	194,001	114,328
Secure Energy Services Inc. ....	786,141	7,767,073	7,759,212
		<u>36,938,638</u>	<u>31,632,741</u>
<b>Financial Services — 14.27%</b>			
Dundee Corp., Class 'A' .....	460,886	9,646,893	14,121,547
FirstService Corp. ....	372,767	8,346,777	10,437,476
		<u>17,993,670</u>	<u>24,559,023</u>
<b>Health Care — 17.62%</b>			
Catamaran Corp. ....	337,142	10,373,754	15,751,274
Valeant Pharmaceuticals International Inc. ....	246,231	12,167,252	14,586,724
		<u>22,541,006</u>	<u>30,337,998</u>
<b>Information Technology — 20.67%</b>			
Celestica Inc. ....	1,383,000	12,628,221	11,160,810
CGI Group Inc., Class 'A' .....	634,885	10,311,248	14,564,262
Open Text Corp. ....	167,486	9,489,925	9,275,375
Research In Motion Ltd. ....	50,065	1,249,070	589,766
		<u>33,678,464</u>	<u>35,590,213</u>
<b>Materials — 24.81%</b>			
Detour Gold Corp. ....	300,000	8,391,000	7,467,000
First Majestic Silver Corp. ....	233,852	5,295,298	4,677,040
Kirkland Lake Gold Inc. ....	467,620	5,326,192	2,721,548
Lundin Mining Corp. ....	1,350,711	7,599,059	6,875,119
New Gold Inc. ....	850,301	8,239,398	9,319,299
Osisko Mining Corp. ....	717,490	8,212,046	5,704,046
Silver Standard Resources Inc. ....	401,815	6,200,005	5,942,844
		<u>49,262,998</u>	<u>42,706,896</u>
<b>Total Equities — 95.75%</b> .....		<u>160,414,776</u>	<u>164,826,871</u>
<b>Total Investments — 95.75%</b> .....		<u>160,414,776</u>	<u>164,826,871</u>
<b>Unrealized Appreciation on Equity Forward Agreement (Schedule A) — 4.10%</b> .....			7,056,305
<b>Cash and Cash Equivalents — 0.40%</b> .....			687,901
<b>Other Assets, Less Liabilities — (0.25)%</b> ..			(436,885)
<b>Net Assets — 100.00%</b> .....			<u>172,134,192</u>

The accompanying notes are an integral part of the financial statements.

# iShares Advantaged Canadian Bond Index Fund (continued)

## Schedule A — Equity Forward Agreement (a)

### Portfolio of BlackRock Canadian Bond Fund

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Canadian Bonds — 99.25% (c)</b>					
<b>Corporate Bonds — 38.59%</b>					
407 International Inc., Callable	4.99	06-16-20	120,000	137,760	139,222
407 International Inc., Callable	4.30	05-26-21	200,000	218,290	222,542
407 International Inc., Callable	6.47	07-27-29	200,000	266,500	268,292
407 International Inc., Callable	4.45	11-15-41	150,000	162,450	164,628
407 International Inc., Callable	4.19	04-25-42	250,000	259,055	263,230
AltaLink L.P., Callable	3.99	06-30-42	100,000	102,060	102,473
American Express Canada Credit Corp.	4.85	10-03-14	430,000	455,477	452,718
Bank of Montreal, Callable	4.78	04-30-14	225,000	243,248	234,584
Bank of Montreal, Callable	3.93	04-27-15	600,000	630,450	628,617
Bank of Montreal, Callable	5.18	06-10-15	400,000	432,484	431,671
Bank of Montreal	1.89	10-05-15	650,000	648,635	649,883
Bank of Montreal, Callable	3.10	03-10-16	450,000	462,886	464,917
Bank of Montreal	3.49	06-10-16	680,000	714,908	711,399
Bank of Montreal, Callable	2.96	08-02-16	850,000	874,060	874,484
Bank of Montreal, Callable	2.39	07-12-17	400,000	400,960	402,099
Bank of Montreal	5.45	07-17-17	200,000	230,020	227,058
Bank of Montreal, Callable	4.55	08-01-17	175,000	193,252	192,071
Bank of Montreal	2.24	12-11-17	700,000	696,780	696,967
Bank of Montreal, Callable	6.02	05-02-18	500,000	580,855	589,379
Bank of Montreal, Variable Rate, Callable (b)	5.10	04-21-21	200,000	219,250	218,137
Bank of Montreal, Variable Rate, Callable (b)	3.98	07-08-21	600,000	627,770	633,928
Bank of Montreal, Variable Rate, Callable (b)	6.17	03-28-23	400,000	466,564	469,714
Bank of Montreal, Callable	4.61	09-10-25	350,000	393,790	399,777
Bank of Nova Scotia	3.43	07-16-14	600,000	619,860	616,223
Bank of Nova Scotia	3.35	11-18-14	700,000	723,710	720,995
Bank of Nova Scotia	3.34	03-25-15	450,000	460,270	465,155
Bank of Nova Scotia	2.25	05-08-15	900,000	905,540	908,982
Bank of Nova Scotia	3.61	02-22-16	650,000	680,540	681,149
Bank of Nova Scotia	2.74	12-01-16	600,000	607,540	612,756
Bank of Nova Scotia	2.60	02-27-17	700,000	706,300	709,727
Bank of Nova Scotia	4.10	06-08-17	600,000	643,338	645,856
Bank of Nova Scotia, Variable Rate, Callable (b)	4.94	04-15-19	400,000	420,500	415,321
Bank of Nova Scotia, Variable Rate, Callable (b)	6.65	01-22-21	400,000	461,973	450,262
Bank of Nova Scotia, Variable Rate, Callable (b)	2.90	08-03-22	700,000	700,540	712,695
Bank of Nova Scotia, Variable Rate, Callable (b)	3.04	10-18-24	850,000	847,245	859,070
bciMC Realty Corp., Callable	2.96	03-07-19	200,000	201,780	203,465
Broadway Credit Card Trust	4.80	03-17-14	150,000	157,095	155,431
Brookfield Asset Management Inc., Callable	3.95	04-09-19	250,000	254,500	256,234
Brookfield Asset Management Inc., Callable	4.54	03-31-23	170,000	171,941	175,093
Cadillac Fairview Finance Trust, Callable	3.24	01-25-16	200,000	201,040	207,993
Caisse centrale Desjardins	3.79	06-08-15	200,000	209,800	208,987
Caisse centrale Desjardins du Quebec	2.28	10-17-16	350,000	350,420	351,183
Caisse centrale Desjardins	3.50	10-05-17	300,000	303,455	315,144
Canadian Credit Card Trust	2.31	04-24-15	150,000	151,476	151,848
Canadian Imperial Bank of Commerce, Callable	4.95	01-23-14	240,000	251,521	248,723
Canadian Imperial Bank of Commerce	3.30	11-19-14	475,000	484,689	489,051

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Corporate Bonds (continued)</b>					
Canadian Imperial Bank of Commerce, Callable	4.75	12-22-14	325,000	347,002	343,866
Canadian Imperial Bank of Commerce	3.10	03-02-15	700,000	717,415	719,226
Canadian Imperial Bank of Commerce	2.20	05-22-15	450,000	453,870	453,993
Canadian Imperial Bank of Commerce	3.40	01-14-16	900,000	929,485	936,540
Canadian Imperial Bank of Commerce	2.65	11-08-16	1,050,000	1,057,783	1,068,428
Canadian Imperial Bank of Commerce	3.95	07-14-17	450,000	458,633	482,302
Canadian Imperial Bank of Commerce	2.35	10-18-17	1,055,000	1,055,143	1,056,138
Canadian Imperial Bank of Commerce, Variable Rate, Callable (b)	4.11	04-30-20	500,000	511,280	524,262
Canadian Imperial Bank of Commerce, Variable Rate, Callable (b)	3.15	11-02-20	600,000	600,668	616,265
Canadian Western Bank	2.38	09-14-15	150,000	150,915	150,960
Capital City Link General Partnership, Sinkable, Callable	4.39	03-31-46	225,000	229,486	232,170
Capital Desjardins Inc., Series 'H', Variable Rate, Callable (b)	3.80	11-23-20	280,000	288,148	291,474
Capital Desjardins Inc., Series 'F', Variable Rate, Callable (b)	5.54	06-01-21	248,000	273,247	273,435
Cards II Trust	3.10	09-15-15	300,000	311,520	310,030
Cards II Trust	3.33	05-15-16	250,000	259,982	260,801
Caterpillar Financial Services Ltd.	2.20	06-01-15	125,000	125,725	126,038
Caterpillar Financial Services Ltd.	2.63	06-01-17	250,000	250,550	253,224
Citigroup Finance Canada Inc.	6.75	09-22-14	125,000	134,600	134,527
CU Inc., Callable	4.54	10-24-41	300,000	339,710	339,580
CU Inc.	3.80	09-10-42	200,000	198,670	199,426
Daimler Canada Finance Inc.	3.16	04-14-14	225,000	229,342	228,704
Daimler Canada Finance Inc.	3.02	01-07-15	150,000	153,240	152,915
Daimler Canada Finance Inc.	2.33	09-14-15	150,000	150,192	150,751
Enbridge Inc., Callable	4.53	03-09-20	250,000	245,800	276,828
Enbridge Inc.	3.19	12-05-22	200,000	199,640	198,488
Enbridge Inc., Callable	4.24	08-27-42	200,000	207,260	202,554
Enbridge Pipelines Inc., Callable	4.49	11-12-19	150,000	171,315	168,601
GE Capital Canada Funding Co., Callable	4.40	06-01-14	250,000	260,920	259,408
GE Capital Canada Funding Co.	4.24	06-08-15	220,000	232,870	232,074
GE Capital Canada Funding Co., Callable	5.10	06-01-16	300,000	312,013	328,121
GE Capital Canada Funding Co.	3.35	11-23-16	225,000	232,695	233,589
GE Capital Canada Funding Co., Callable	4.55	01-17-17	250,000	262,975	270,853
GE Capital Canada Funding Co.	5.53	08-17-17	550,000	599,994	622,784
GE Capital Canada Funding Co.	4.40	02-08-18	200,000	217,040	217,152
GE Capital Canada Funding Co.	5.68	09-10-19	300,000	340,167	349,739
GE Capital Canada Funding Co.	4.60	01-26-22	350,000	370,560	386,228
GE Capital Canada Funding Co.	5.73	10-22-37	450,000	518,900	555,259
General Electric Capital Corp.	3.55	06-11-19	150,000	154,980	155,802
Golden Credit Card Trust	3.82	05-15-15	400,000	403,592	419,250
Golden Credit Card Trust	3.51	05-15-16	550,000	576,140	577,068
Glacier Credit Card Trust	2.39	10-20-17	175,000	175,858	175,336

The accompanying notes are an integral part of the financial statements.

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)	Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Corporate Bonds (continued)</b>						<b>Corporate Bonds (continued)</b>					
Greater Toronto Airports Authority, Callable	4.70	02-15-16	350,000	381,980	379,612	Royal Bank of Canada, Variable Rate, Callable <sup>(b)</sup>	2.99	12-06-24	900,000	903,961	904,703
Great-West Lifeco Finance (Delaware) L.P., Variable Rate, Callable <sup>(b)</sup>	5.69	06-21-67	450,000	468,340	494,960	Royal Bank of Canada, Scotiabank Tier I Trust, Variable Rate, Callable <sup>(b)</sup>	4.93	07-16-25	450,000	521,749	527,786
Great-West Lifeco Inc., Callable	4.65	08-13-20	200,000	202,060	222,120	Standard Life Assurance Co. of Canada (The), Callable <sup>(b)</sup>	7.80	06-30-19	300,000	378,999	379,230
Great-West Lifeco Inc., Variable Rate, Callable <sup>(b)</sup>	7.13	06-26-68	300,000	346,710	356,564	Sun Life Financial Inc., Variable Rate, Callable <sup>(b)</sup>	3.94	09-21-22	200,000	204,780	207,273
Honda Canada Finance Inc.	2.28	12-11-17	200,000	199,420	199,094	Sun Life Financial Inc., Callable	7.90	03-31-19	150,000	161,850	159,718
HSBC Bank Canada	3.86	05-21-15	250,000	255,325	261,412	Sun Life Financial Inc., Variable Rate, Callable <sup>(b)</sup>	4.57	08-23-21	150,000	161,835	162,872
HSBC Bank Canada	2.57	11-23-15	400,000	404,120	406,391	Sun Life Financial Inc., Variable Rate, Callable <sup>(b)</sup>	4.38	03-02-22	500,000	499,500	523,883
HSBC Bank Canada	2.90	01-13-17	450,000	456,930	460,732	Sun Life Financial Inc., Variable Rate, Callable <sup>(b)</sup>	4.95	06-01-36	300,000	312,282	317,216
HSBC Bank Canada	3.56	10-04-17	450,000	462,706	473,794	TD Capital Trust III, Variable Rate, Perpetual <sup>(b)</sup>	7.24	12-31-18	450,000	520,187	558,244
Hydro One Inc., Callable	3.13	11-19-14	350,000	359,465	360,033	Thomson Reuters Corp., Callable	6.00	03-31-16	400,000	457,906	446,946
Hydro One Inc., Callable	2.95	09-11-15	200,000	206,100	206,378	Thomson Reuters Corp., Callable	4.35	09-30-20	350,000	361,342	382,704
Hydro One Inc.	4.64	03-03-16	200,000	218,560	217,070	Toronto-Dominion Bank (The)	2.95	08-02-16	800,000	824,914	826,264
Hydro One Inc., Callable	5.18	10-18-17	300,000	327,998	341,535	Toronto-Dominion Bank (The), Variable Rate, Callable <sup>(b)</sup>	5.76	12-18-17	800,000	898,800	916,364
Hydro One Inc., Callable	3.20	01-13-22	240,000	247,728	247,914	Toronto-Dominion Bank (The), Variable Rate, Callable <sup>(b)</sup>	3.37	11-02-20	450,000	464,142	465,266
Hydro One Inc., Callable	7.35	06-03-30	200,000	295,260	289,834	Toyota Credit Canada Inc.	2.45	02-27-17	250,000	252,478	252,586
Hydro One Inc., Callable	6.35	01-31-34	150,000	202,425	204,620	Toyota Credit Canada Inc.	2.20	10-19-17	130,000	129,753	129,628
Hydro One Inc.	5.36	05-20-36	250,000	280,850	308,592	TransCanada PipeLines Ltd., Callable	5.65	01-15-14	200,000	212,600	208,345
Hydro One Inc., Callable	4.89	03-13-37	100,000	117,640	116,938	TransCanada PipeLines Ltd., Callable	4.65	10-03-16	150,000	165,780	163,777
Hydro One Inc., Callable	6.03	03-03-39	150,000	207,630	204,635	TransCanada PipeLines Ltd., Callable	5.10	01-11-17	125,000	141,000	139,120
Hydro One Inc., Callable	5.49	07-16-40	400,000	506,120	512,843	TransCanada PipeLines Ltd., Callable	3.65	11-15-21	200,000	215,750	213,024
Hydro One Inc., Callable	4.39	09-26-41	200,000	218,908	219,871	VW Credit Canada Inc.	2.20	10-11-16	175,000	175,245	174,889
Hydro One Inc., Callable	5.00	10-19-46	150,000	182,634	183,554	Wells Fargo Financial Canada Corp.	3.97	11-03-14	450,000	459,941	467,404
Manufacturers Life Insurance Co. (The), Variable Rate, Callable <sup>(b)</sup>	4.16	06-01-22	200,000	205,250	209,407	Wells Fargo Financial Canada Corp., Callable	4.38	06-30-15	450,000	465,263	476,112
Manulife Finance Delaware L.P., Variable Rate, Callable <sup>(b)</sup>	4.45	12-15-26	200,000	201,500	208,230	Wells Fargo Financial Canada Corp.	3.70	03-30-16	200,000	208,688	209,444
Manulife Financial Corp., Callable	5.16	06-26-15	100,000	106,860	106,837	Wells Fargo Financial Canada Corp.	2.77	02-09-17	700,000	700,035	711,921
Manulife Financial Corp., Callable	4.08	08-20-15	600,000	621,027	626,708	Wells Fargo Financial Canada Corp.	2.94	07-25-19	700,000	695,828	706,239
Master Credit Card Trust, Class 'A'	3.50	05-21-16	400,000	419,658	419,742					65,848,853	66,537,082
Master Credit Card Trust, Class 'A'	2.63	01-21-17	500,000	507,520	509,513	<b>Federal Bonds &amp; Guarantees — 36.16%</b>					
National Bank of Canada	2.23	01-30-15	450,000	451,905	453,906	Canada Housing Trust No. 1	2.20	03-15-14	1,150,000	1,163,980	1,164,180
National Bank of Canada	4.03	05-26-15	375,000	396,788	393,911	Canada Housing Trust No. 1	3.15	06-15-14	1,000,000	1,039,380	1,028,202
National Bank of Canada	2.70	12-15-16	400,000	403,110	407,187	Canada Housing Trust No. 1	2.75	09-15-14	865,000	869,618	887,411
National Bank of Canada	2.69	08-21-17	350,000	353,132	355,127	Canada Housing Trust No. 1	2.75	12-15-14	800,000	823,598	823,455
National Bank of Canada, Variable Rate, Callable <sup>(b)</sup>	4.93	12-22-19	145,000	154,092	153,372	Canada Housing Trust No. 1	2.95	03-15-15	1,050,000	1,087,272	1,088,279
National Bank of Canada, Variable Rate, Callable <sup>(b)</sup>	4.70	11-02-20	250,000	267,375	267,267	Canada Housing Trust No. 1	3.15	06-15-15	650,000	681,034	679,007
National Bank of Canada, Variable Rate, Callable <sup>(b)</sup>	3.26	04-11-22	400,000	403,272	412,070	Canada Housing Trust No. 1	2.45	12-15-15	1,050,000	1,075,631	1,081,969
RBC Capital Trust, Variable Rate, Callable <sup>(b)</sup>	6.82	06-30-18	200,000	241,900	240,140	Canada Housing Trust No. 1	2.75	12-15-15	600,000	611,934	623,448
Royal Bank of Canada	5.00	01-20-14	500,000	519,100	518,486	Canada Housing Trust No. 1	2.75	06-15-16	1,450,000	1,513,466	1,511,270
Royal Bank of Canada	4.97	06-05-14	400,000	423,466	419,503	Canada Housing Trust No. 1	1.85	12-15-16	1,300,000	1,312,377	1,313,908
Royal Bank of Canada	5.95	06-18-14	300,000	320,070	317,162	Canada Housing Trust No. 1	2.05	06-15-17	1,335,000	1,359,750	1,358,676
Royal Bank of Canada, Callable	3.27	11-10-14	300,000	310,500	309,142	Canada Housing Trust No. 1	1.70	12-15-17	1,250,000	1,249,254	1,250,058
Royal Bank of Canada	4.71	12-22-14	200,000	213,620	211,534						
Royal Bank of Canada	2.05	01-13-15	500,000	500,225	503,074						
Royal Bank of Canada, Callable	3.18	03-16-15	300,000	310,560	309,661						
Royal Bank of Canada	3.36	01-11-16	900,000	915,386	935,572						
Royal Bank of Canada	3.03	07-26-16	575,000	592,328	592,923						
Royal Bank of Canada	2.68	12-08-16	700,000	711,600	713,194						
Royal Bank of Canada	3.66	01-25-17	800,000	810,180	844,733						
Royal Bank of Canada	2.58	04-13-17	700,000	701,750	709,569						
Royal Bank of Canada	2.36	09-21-17	800,000	804,000	802,021						
Royal Bank of Canada, Callable	3.77	03-30-18	500,000	524,899	537,489						
Royal Bank of Canada	2.98	05-07-19	400,000	402,256	409,791						
Royal Bank of Canada, Variable Rate, Callable <sup>(b)</sup>	4.35	06-15-20	700,000	725,205	738,456						
Royal Bank of Canada, Variable Rate, Callable <sup>(b)</sup>	3.18	11-02-20	650,000	644,900	668,579						

The accompanying notes are an integral part of the financial statements.

# iShares Advantaged Canadian Bond Index Fund (continued)

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)	Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Federal Bonds &amp; Guarantees (continued)</b>						<b>Provincial Bonds &amp; Guarantees (continued)</b>					
Canada Housing Trust						Province of Alberta	2.90	09-20-29	50,000	49,394	49,098
No. 1	4.10	12-15-18	1,025,000	1,144,114	1,155,308	Province of British Columbia	7.50	06-09-14	50,000	55,275	54,410
Canada Housing Trust						Province of British Columbia	4.25	06-18-14	200,000	211,286	208,676
No. 1	3.75	03-15-20	600,000	615,229	669,729	Province of British Columbia	4.70	12-01-17	50,000	57,245	56,872
Canada Housing Trust						Province of British Columbia	4.65	12-18-18	210,000	224,880	241,196
No. 1	3.35	12-15-20	550,000	571,078	599,785	Province of British Columbia	4.10	12-18-19	200,000	202,924	224,353
Canada Housing Trust						Province of British Columbia	3.70	12-18-20	200,000	221,060	219,368
No. 1	3.80	06-15-21	1,000,000	1,124,898	1,125,117	Province of British Columbia	4.80	06-15-21	40,000	47,300	46,920
Canada Housing Trust						Province of British Columbia	3.25	12-18-21	250,000	266,273	264,730
No. 1	2.65	03-15-22	825,000	827,880	851,027	Province of British Columbia	2.70	12-18-22	100,000	100,774	100,388
Canada Mortgage & Housing Corp.	2.40	12-15-22	675,000	674,714	678,571	Province of British Columbia	8.00	09-08-23	75,000	111,354	110,799
Government of Canada	1.00	02-01-14	985,000	984,322	983,870	Province of British Columbia	5.70	06-18-29	280,000	344,707	371,890
Government of Canada	2.00	03-01-14	1,010,000	1,025,918	1,020,290	Province of British Columbia	6.35	06-18-31	140,000	173,600	200,042
Government of Canada	0.75	05-01-14	1,083,000	1,076,857	1,077,732	Province of British Columbia	5.40	06-18-35	50,000	65,690	66,212
Government of Canada	3.00	06-01-14	1,595,000	1,656,240	1,636,667	Province of British Columbia	4.70	06-18-37	160,000	199,015	195,880
Government of Canada	5.00	06-01-14	890,000	966,912	938,067	Province of British Columbia	4.95	06-18-40	220,000	276,898	283,178
Government of Canada	2.25	08-01-14	1,640,000	1,680,238	1,668,580	Province of British Columbia	4.30	06-18-42	405,000	481,700	480,249
Government of Canada	1.00	11-01-14	977,000	974,641	974,565	Province of British Columbia	3.20	06-18-44	100,000	98,572	98,466
Government of Canada	2.00	12-01-14	1,760,000	1,712,718	1,788,244	Province of Manitoba	2.05	12-01-16	100,000	101,777	101,502
Government of Canada	1.00	02-01-15	1,740,000	1,732,255	1,734,900	Province of Manitoba	1.85	06-01-17	50,000	50,174	50,218
Government of Canada	1.50	08-01-15	980,000	989,433	987,043	Province of Manitoba	4.75	02-11-20	60,000	69,414	69,451
Government of Canada	2.50	06-01-15	1,200,000	1,235,690	1,238,046	Province of Manitoba	4.15	06-03-20	100,000	113,200	112,218
Government of Canada	4.50	06-01-15	970,000	1,061,386	1,046,778	Province of Manitoba	3.85	12-01-21	100,000	109,780	110,100
Government of Canada	3.00	12-01-15	1,300,000	1,363,632	1,365,006	Province of Manitoba	4.40	09-05-25	50,000	57,476	57,077
Government of Canada	1.25	02-01-16	750,000	749,878	749,405	Province of Manitoba	6.30	03-05-31	50,000	70,120	70,523
Government of Canada	2.00	06-01-16	1,150,000	1,167,141	1,176,861	Province of Manitoba	5.70	03-05-37	100,000	140,450	137,933
Government of Canada	4.00	06-01-16	1,035,000	1,142,682	1,128,068	Province of Manitoba	4.60	03-05-38	100,000	117,350	120,426
Government of Canada	2.75	09-01-16	1,100,000	1,157,706	1,155,607	Province of Manitoba	4.65	03-05-40	100,000	124,586	122,438
Government of Canada	1.50	03-01-17	1,060,000	1,060,834	1,066,012	Province of Manitoba	4.10	03-05-41	120,000	135,563	136,388
Government of Canada	4.00	06-01-17	1,145,000	1,278,910	1,273,563	Province of Manitoba	4.40	03-05-42	50,000	59,149	59,778
Government of Canada	1.50	09-01-17	1,020,000	1,024,833	1,025,395	Province of Manitoba	3.35	03-05-43	50,000	51,129	50,283
Government of Canada	1.25	03-01-18	400,000	398,540	396,467	Province of New Brunswick	4.50	02-04-15	60,000	64,236	63,873
Government of Canada	4.25	06-01-18	1,140,000	1,237,799	1,306,371	Province of New Brunswick	4.70	07-21-16	100,000	111,630	110,405
Government of Canada	3.75	06-01-19	2,155,000	2,373,490	2,443,073	Province of New Brunswick	4.45	03-26-18	100,000	112,900	112,098
Government of Canada	3.50	06-01-20	1,520,000	1,623,539	1,717,708	Province of New Brunswick	4.40	06-03-19	100,000	112,940	112,737
Government of Canada	3.25	06-01-21	1,285,000	1,403,284	1,440,057	Province of New Brunswick	4.50	06-02-20	150,000	160,815	170,934
Government of Canada	2.75	06-01-22	1,300,000	1,378,300	1,406,568	Province of New Brunswick	3.35	12-03-21	100,000	104,440	105,268
Government of Canada	1.50	06-01-23	615,000	589,554	591,841	Province of New Brunswick	2.85	06-02-23	100,000	99,620	99,590
Government of Canada	8.00	06-01-23	315,000	469,293	497,238	Province of New Brunswick	5.65	12-27-28	60,000	76,350	77,116
Government of Canada	9.00	06-01-25	250,000	407,000	441,982	Province of New Brunswick	4.55	03-26-37	100,000	113,980	116,019
Government of Canada	8.00	06-01-27	415,000	684,230	717,327	Province of New Brunswick	4.80	09-26-39	100,000	120,948	121,439
Government of Canada	5.75	06-01-29	1,205,000	1,702,482	1,790,392	Province of New Brunswick	4.80	06-03-41	150,000	184,408	184,446
Government of Canada	5.75	06-01-33	1,310,000	1,856,817	2,034,259	Province of Newfoundland and Labrador	4.65	10-17-40	100,000	122,840	122,535
Government of Canada	5.00	06-01-37	1,550,000	2,108,293	2,293,635	Province of Nova Scotia	4.15	11-25-19	100,000	106,290	111,613
Government of Canada	4.00	06-01-41	1,770,000	2,158,066	2,366,038	Province of Nova Scotia	4.10	06-01-21	125,000	139,490	139,315
Government of Canada	3.50	12-01-45	785,000	978,757	989,094	Province of Nova Scotia	6.60	06-01-27	50,000	69,427	69,537
				61,156,877	62,356,149	Province of Nova Scotia	5.80	06-01-33	50,000	68,262	67,356
						Province of Nova Scotia	4.90	06-01-35	40,000	49,543	48,849
						Province of Nova Scotia	4.70	06-01-41	75,000	92,640	91,820
						Province of Nova Scotia	4.40	06-01-42	100,000	117,591	117,626
						Province of Nova Scotia	3.50	06-02-62	120,000	122,575	122,378
						Province of Ontario	5.00	03-08-14	850,000	905,528	887,288
						Province of Ontario	3.25	09-08-14	450,000	468,428	464,559
						Province of Ontario	4.50	03-08-15	350,000	378,525	373,416
						Province of Ontario	3.15	09-08-15	300,000	315,600	313,289
						Province of Ontario	4.40	03-08-16	300,000	321,892	326,161
						Province of Ontario	3.20	09-08-16	100,000	105,127	105,362
						Province of Ontario	4.30	03-08-17	700,000	760,005	770,456
						Province of Ontario	1.90	09-08-17	675,000	673,455	675,852
						Province of Ontario	4.20	03-08-18	400,000	429,652	443,644
						Province of Ontario	5.50	06-02-18	100,000	117,948	117,415
						Province of Ontario	4.40	06-02-19	1,050,000	1,093,815	1,184,875
						Province of Ontario	4.20	06-02-20	1,100,000	1,181,155	1,232,924
						Province of Ontario	4.00	06-02-21	1,150,000	1,257,603	1,272,572
						Province of Ontario	3.15	06-02-22	1,325,000	1,363,037	1,370,968
						Province of Ontario	9.50	07-13-22	250,000	375,982	388,597
						Province of Ontario	2.85	06-02-23	200,000	200,172	199,780
						Province of Ontario	8.10	09-08-23	200,000	299,106	294,614
						Province of Ontario	7.50	02-07-24	60,000	86,623	85,488
						Province of Ontario	8.50	12-02-25	100,000	160,300	157,238
						Province of Ontario	7.60	06-02-27	375,000	501,938	566,282
						Province of Ontario	6.50	03-08-29	550,000	762,325	775,332
						Province of Ontario	6.20	06-02-31	350,000	486,946	486,627
<b>Provincial Bonds &amp; Guarantees — 23.28%</b>											
Alberta Capital Finance Authority	3.05	06-15-15	100,000	104,599	104,099						
Financement-Québec	4.25	03-01-14	300,000	311,784	310,257						
Financement-Québec	3.25	06-01-14	210,000	214,566	215,674						
Financement-Québec	3.50	12-01-16	425,000	452,525	452,008						
Financement-Québec	3.50	12-01-17	100,000	106,410	107,026						
Financement-Québec	2.40	12-01-18	160,000	160,558	161,621						
Financement-Québec	2.45	12-01-19	300,000	298,747	300,288						
Financement-Québec	5.25	06-01-34	300,000	335,250	370,387						
Hydro-Québec	11.00	08-15-20	360,000	563,534	569,701						
Hydro-Québec	6.50	02-15-35	250,000	313,950	360,655						
Hydro-Québec	6.00	02-15-40	150,000	212,766	212,854						
Hydro-Québec	5.00	02-15-45	200,000	256,826	256,934						
Hydro-Québec	5.00	02-15-50	200,000	263,032	262,736						
Ontario Electricity Financial Corp.	8.50	05-26-25	50,000	77,375	77,522						
Ontario Electricity Financial Corp.	8.25	06-22-26	200,000	295,525	310,680						
Province of Alberta	2.75	12-01-14	100,000	103,679	102,851						
Province of Alberta	1.85	09-01-16	60,000	60,720	60,628						
Province of Alberta	1.75	06-15-17	120,000	120,671	120,216						
Province of Alberta	1.70	12-15-17	60,000	59,850	59,769						
Province of Alberta	4.00	12-01-19	200,000	215,462	223,876						



Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Provincial Bonds &amp; Guarantees (continued)</b>					
Province of Ontario	5.85	03-08-33	400,000	537,040	543,300
Province of Ontario	5.60	06-02-35	575,000	762,139	768,395
Province of Ontario	4.70	06-02-37	680,000	739,981	819,662
Province of Ontario	4.60	06-02-39	700,000	808,301	839,381
Province of Ontario	4.65	06-02-41	1,100,000	1,254,876	1,347,816
Province of Ontario	3.50	06-02-43	975,000	993,354	997,359
Province of Quebec	5.50	12-01-14	300,000	329,613	323,517
Province of Quebec	5.00	12-01-15	300,000	333,774	329,433
Province of Quebec	4.50	12-01-16	470,000	500,936	518,511
Province of Quebec	4.50	12-01-17	600,000	672,923	671,616
Province of Quebec	4.50	12-01-18	450,000	477,577	508,022
Province of Quebec	4.50	12-01-19	600,000	663,972	680,716
Province of Quebec	4.50	12-01-20	750,000	803,538	853,548
Province of Quebec	4.25	12-01-21	750,000	823,534	838,996
Province of Quebec	3.50	12-01-22	785,000	817,110	826,826
Province of Quebec	9.38	01-16-23	70,000	109,692	108,729
Province of Quebec	3.00	09-01-23	250,000	249,822	250,434
Province of Quebec	5.35	06-01-25	75,000	91,316	91,218
Province of Quebec	8.50	04-01-26	150,000	216,711	234,049
Province of Quebec	6.00	10-01-29	250,000	334,730	333,466
Province of Quebec	6.25	06-01-32	350,000	482,325	485,081
Province of Quebec	5.75	12-01-36	450,000	615,218	605,878
Province of Quebec	5.00	12-01-38	525,000	604,392	649,755
Province of Quebec	5.00	12-01-41	850,000	993,250	1,073,134
Province of Quebec	4.25	12-01-43	800,000	900,761	910,349
Province of Saskatchewan	5.75	03-05-29	75,000	100,486	100,742
Province of Saskatchewan	6.40	09-05-31	65,000	93,889	94,514
Province of Saskatchewan	5.80	09-05-33	75,000	93,577	104,287
Province of Saskatchewan	5.00	03-05-37	45,000	57,483	57,994
Province of Saskatchewan	4.75	06-01-40	130,000	165,453	165,070
Province of Saskatchewan	3.40	02-03-42	75,000	76,389	77,628
				<u>39,175,349</u>	<u>40,137,712</u>
<b>Municipal Bonds — 1.22%</b>					
City of Toronto	4.70	06-10-41	100,000	114,370	114,621
Greater Toronto Airports Authority, Callable	4.85	06-01-17	200,000	224,244	222,930
Greater Toronto Airports Authority, Callable	5.26	04-17-18	300,000	320,718	344,496
Greater Toronto Airports Authority	5.96	11-20-19	200,000	224,917	243,158
Greater Toronto Airports Authority, Callable	3.04	09-21-22	175,000	176,838	177,307
Greater Toronto Airports Authority, Callable	5.30	02-25-41	250,000	305,495	311,825
Greater Toronto Airports Authority, Callable	4.53	12-02-41	175,000	192,150	196,092
Municipal Finance Authority of British Columbia	4.65	04-19-16	200,000	214,700	218,442
Municipal Finance Authority of British Columbia	4.80	12-01-17	100,000	113,280	112,694
Municipal Finance Authority of British Columbia	4.88	06-03-19	100,000	115,400	114,446
Municipality of Peel, Ontario	3.85	10-30-42	50,000	50,950	50,544
				<u>2,053,062</u>	<u>2,106,555</u>
<b>Total Canadian Bonds — 99.25%</b>				<u>168,234,141</u>	<u>171,137,498</u>
<b>Total Investments — 99.25%</b>				<u>168,234,141</u>	<u>171,137,498</u>
<b>Cash and Cash Equivalents — 3.37%</b>					5,809,237
<b>Other Assets, Less Liabilities — (2.62)%</b>					(4,525,158)
<b>Net Assets of BlackRock Canadian Bond Fund — 100.00%</b>					<u>172,421,577</u>
iShares Advantaged Canadian Bond Index Fund — Common Share Portfolio					(164,826,871)
<b>Fair Value Adjustment (d)</b>					(215,254)
<b>Accrued Forward Fees</b>					(323,147)
<b>Unrealized Appreciation on Equity Forward Agreement</b>					<u>7,056,305</u>

(c) Percentage of Net Assets of the BlackRock Canadian Bond Fund.

(d) Represents the amount to reconcile fair value of investments of the common share portfolio of the Fund and the reference portfolio of the equity forward agreement at bid prices, as required by Canadian GAAP, to close prices per the settlement terms of the equity forward agreement.

As at December 31, 2011, the investments categorized by sector/investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Energy	23.94
Financial Services	9.21
Health Care	2.82
Industrials	14.65
Information Technology	24.07
Materials	20.21
Unrealized Appreciation on Equity Forward Agreement	4.75
Cash and Cash Equivalents	0.65
Other Assets, Less Liabilities	(0.30)
<b>Total</b>	<u>100.00</u>

As at December 31, 2011, the investments of the BlackRock Canadian Bond Fund categorized by asset class/investment type, expressed as a percentage of the BlackRock Canadian Bond Fund's Net Assets, are included in the following table:

Asset Class/Investment Type	Percentage of Net Assets (%)
Corporate Bonds	36.81
Federal Bonds & Guarantees	37.23
Provincial Bonds & Guarantees	20.39
Municipal Bonds	2.46
Cash and Cash Equivalents	2.49
Other Assets, Less Liabilities	0.62
<b>Total</b>	<u>100.00</u>

(a) The equity forward agreement, with a termination date of November 19, 2014, is entered with TD Global Finance having a Standard & Poor's credit rating of AA-

(b) Coupon rate shown is as at report date.

The accompanying notes are an integral part of the financial statements.

# iShares Advantaged Convertible Bond Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$79,650,684	\$ 9,791,080
Cash and cash equivalents .....	462,100	127,739
Unrealized appreciation on equity forward agreement (Note 2) .....	—	730,909
<b>Total Assets</b> .....	<u>80,112,784</u>	<u>10,649,728</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	32,682	3,900
Service fees .....	4,044	961
Independent review committee fees .....	74	52
Distribution .....	328,050	45,625
Unrealized depreciation on equity forward agreement (Note 2) .....	193,178	—
<b>Total Liabilities</b> .....	<u>558,028</u>	<u>50,538</u>
<b>Net Assets</b> .....	<u>\$79,554,756</u>	<u>\$10,599,190</u>
<b>Net Assets</b>		
Common Units .....	\$70,717,788	\$ 8,190,673
Advisor Class Units .....	8,836,968	2,408,517
<b>Total</b> .....	<u>\$79,554,756</u>	<u>\$10,599,190</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	3,600,000	425,000
Advisor Class Units .....	450,000	125,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 19.64	\$ 19.27
Advisor Class Units .....	\$ 19.64	\$ 19.27

## Statements of Operations

For the periods ended December 31

	2012	2011 (a)
<b>Revenue</b>		
Interest income .....	\$ 15	\$ 20
<b>Total revenue</b> .....	<u>15</u>	<u>20</u>
<b>Expenses</b>		
Management fees (Note 9) .....	225,837	17,749
Service fees (Note 9) .....	33,534	5,293
Independent review committee fees .....	406	103
<b>Total expenses</b> .....	<u>259,777</u>	<u>23,145</u>
<b>Net Investment Loss</b> .....	<u>(259,762)</u>	<u>(23,125)</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments .....	391,558	(50,856)
Net realized loss on equity forward agreement .....	(147,521)	(7,511)
Net change in unrealized appreciation/ depreciation in value of investments ..	2,741,207	(615,593)
Net change in unrealized appreciation/ depreciation on equity forward agreement .....	(924,087)	730,909
<b>Net realized and unrealized gain on investments</b> .....	<u>2,061,157</u>	<u>56,949</u>
<b>Increase in Net Assets from Operations</b> .....	<u>\$1,801,395</u>	<u>\$ 33,824</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units .....	\$1,531,603	\$ 55,420
Advisor Class Units .....	269,792	(21,596)
<b>Total</b> .....	<u>\$1,801,395</u>	<u>\$ 33,824</u>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 0.77	\$ 0.23
Advisor Class Units .....	\$ 0.86	\$ (0.24)

(a) The Fund commenced operations on June 14, 2011.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the periods ended December 31

	2012	2011 (a)
<b>Net Assets, Beginning of Period</b> ..	\$10,599,190	\$ —
<b>Increase in Net Assets from Operations</b> .....	1,801,395	33,824
<b>Capital Transactions</b>		
Proceeds from issuance of units ....	69,519,156	10,757,941
<b>Net capital transactions</b> .....	69,519,156	10,757,941
<b>Distributions (Note 7)</b>		
Return of capital .....	(2,364,985)	(192,575)
<b>Total distributions</b> .....	(2,364,985)	(192,575)
<b>Increase in Net Assets</b> .....	68,955,566	10,599,190
<b>Net Assets, End of Period</b> .....	\$79,554,756	\$10,599,190
<b>Common Units:</b>		
<b>Net Assets, Beginning of Period</b> ..	\$ 8,190,673	\$ —
<b>Increase in Net Assets from Operations</b> .....	1,531,603	55,420
<b>Capital Transactions</b>		
Proceeds from issuance of units ....	63,074,412	8,281,978
<b>Net capital transactions</b> .....	63,074,412	8,281,978
<b>Distributions (Note 7)</b>		
Return of capital .....	(2,078,900)	(146,725)
<b>Total distributions</b> .....	(2,078,900)	(146,725)
<b>Increase in Net Assets</b> .....	62,527,115	8,190,673
<b>Net Assets, End of Period</b> .....	\$70,717,788	\$ 8,190,673
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Period</b> ..	\$ 2,408,517	\$ —
<b>Increase (Decrease) in Net Assets from Operations</b> .....	269,792	(21,596)
<b>Capital Transactions</b>		
Proceeds from issuance of units ....	6,444,744	2,475,963
<b>Net capital transactions</b> .....	6,444,744	2,475,963
<b>Distributions (Note 7)</b>		
Return of capital .....	(286,085)	(45,850)
<b>Total distributions</b> .....	(286,085)	(45,850)
<b>Increase in Net Assets</b> .....	6,428,451	2,408,517
<b>Net Assets, End of Period</b> .....	\$ 8,836,968	\$ 2,408,517

(a) The Fund commenced operations on June 14, 2011.

## Statement of Investments

As at December 31, 2012

### Common Share Portfolio

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 100.12%</b>			
<b>Consumer Discretionary — 9.10%</b>			
Martinrea International Inc. ....	937,371	7,082,534	7,236,504
		7,082,534	7,236,504
<b>Energy — 22.18%</b>			
Athabasca Oil Corp. ....	533,194	6,247,269	5,561,213
Celtic Exploration Ltd. ....	311,139	5,194,211	8,161,176
MEG Energy Corp. ....	128,971	5,071,543	3,923,298
		16,513,023	17,645,687
<b>Financial Services — 8.78%</b>			
Dundee Corp., Class 'A' ....	98,109	2,374,879	3,006,060
FirstService Corp. ....	142,082	4,310,575	3,978,296
		6,685,454	6,984,356
<b>Health Care — 19.10%</b>			
Catamaran Corp. ....	155,919	6,244,758	7,284,536
Valeant Pharmaceuticals International Inc. ....	133,501	6,931,402	7,908,599
		13,176,160	15,193,135
<b>Information Technology — 17.07%</b>			
Celestica Inc. ....	640,392	5,265,820	5,167,963
CGI Group Inc., Class 'A' ....	337,554	7,631,463	7,743,489
Research In Motion Ltd. ....	57,121	863,754	672,885
		13,761,037	13,584,337
<b>Materials — 23.89%</b>			
Detour Gold Corp. ....	186,114	4,771,874	4,632,377
Lundin Mining Corp. ....	320,309	1,672,013	1,630,373
Osisko Mining Corp. ....	776,925	6,931,537	6,176,554
Tahoe Resources Inc. ....	361,241	6,931,438	6,567,361
		20,306,862	19,006,665
<b>Total Equities — 100.12%</b> .....		77,525,070	79,650,684
<b>Total Investments — 100.12%</b> .....		77,525,070	79,650,684
<b>Unrealized Depreciation on Equity Forward Agreement (Schedule A) — (0.24)%</b> .....			(193,178)
<b>Cash and Cash Equivalents — 0.58%</b> .....			462,100
<b>Other Assets, Less Liabilities — (0.46)%</b> .....			(364,850)
<b>Net Assets — 100.00%</b> .....			79,554,756

The accompanying notes are an integral part of the financial statements.

# iShares Advantaged Convertible Bond Index Fund (continued)

## Schedule A — Equity Forward Agreement (a)

### Portfolio of BlackRock Convertible Bond Fund

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Canadian Convertible Corporate Bonds — 97.38% (b)</b>					
Advantage Oil & Gas Ltd.	5.00	01-30-15	1,218,000	1,209,963	1,211,910
Aecon Group Inc.	7.00	09-30-14	1,178,000	1,237,593	1,225,120
Aecon Group Inc.	6.25	10-31-15	1,178,000	1,234,659	1,207,450
AG Growth International Inc.	7.00	12-31-14	1,178,000	1,255,220	1,222,175
Algoma Central Corp., Callable	6.00	03-31-18	1,178,000	1,255,821	1,260,460
Angle Energy Inc.	5.75	01-31-16	1,178,000	1,174,937	1,166,220
Atlantic Power Corp.	6.25	03-15-17	1,218,000	1,344,093	1,211,910
Atlantic Power Corp., Series 'B', Callable	5.60	06-30-17	1,178,000	1,208,934	1,163,864
Atrium Innovations Inc., Callable	5.75	08-31-18	1,178,000	1,129,760	1,160,330
Bellatrix Exploration Ltd.	4.75	04-30-15	1,178,000	1,259,650	1,223,942
Boralex Inc.	6.75	06-30-17	1,177,700	1,238,882	1,248,362
Canam Group Inc.	6.25	10-31-15	1,178,000	1,219,415	1,219,230
Canexus Corp.	5.75	12-31-15	1,178,000	1,253,214	1,275,185
Canexus Corp., Series 'IV', Callable	5.75	12-31-18	1,178,000	1,200,028	1,212,751
Chemtrade Logistics Income Fund	6.00	03-31-17	1,178,000	1,259,592	1,260,460
Chorus Aviation Inc., Callable	9.50	12-31-14	1,218,000	1,275,197	1,251,495
Churchill Corp. (The)	6.00	06-30-15	1,178,000	1,211,277	1,222,175
Clarke Inc., Callable	6.00	12-31-13	1,178,000	1,169,155	1,174,466
Cominar REIT, Series 'C', Callable	5.80	09-30-14	1,218,000	1,256,283	1,245,405
Cominar REIT, Callable	5.75	06-30-17	1,178,000	1,248,688	1,257,515
Dundee International REIT, Callable	5.50	07-31-18	1,178,000	1,200,862	1,212,515
Dundee Real Estate Investment Trust, Series 'H', Callable	5.50	03-31-17	1,218,000	1,303,093	1,315,440
Exchange Income Corp., Callable	5.50	09-30-19	1,178,000	1,179,476	1,178,000
Extendicare Inc., Callable	5.70	06-30-14	1,178,000	1,191,736	1,195,670
Extendicare Inc., Callable	6.00	06-30-19	1,178,000	1,206,628	1,204,505
First Capital Realty Inc.	5.70	06-30-17	1,218,000	1,318,502	1,347,108
First Capital Realty Inc., Callable	5.25	01-31-19	1,178,000	1,193,887	1,201,560
First Capital Realty Inc., Callable	5.40	01-31-19	861,000	885,697	889,069
First Capital Realty Inc.	4.75	07-31-19	1,178,000	1,165,301	1,168,812
Fortress Paper Ltd., Callable	7.00	12-31-19	1,118,000	1,038,278	765,830
H&R Real Estate Investment Trust, Callable	4.50	12-31-16	1,178,000	1,228,322	1,225,120
H&R Real Estate Investment Trust, Series 'E', Callable	5.90	06-30-20	1,218,000	1,347,848	1,333,710
Harvest Operations Corp., Callable	7.25	09-30-13	1,218,000	1,236,562	1,233,225
Harvest Operations Corp., Callable	7.50	05-31-15	1,178,000	1,229,218	1,229,832
IBI Group Inc., Callable	6.00	06-30-18	1,178,000	1,135,509	1,007,190
Innergex Renewable Energy Inc., Callable	5.75	04-30-17	1,178,000	1,265,343	1,242,790
InnVest Real Estate Investment Trust, Callable	6.00	05-31-13	1,218,000	1,227,491	1,214,346
InnVest Real Estate Investment Trust, Series 'B', Callable	6.00	09-30-17	1,218,000	1,195,890	1,182,800
InnVest Real Estate Investment Trust, Series 'F', Callable	5.75	03-30-18	1,178,000	1,132,694	1,130,880
Just Energy Group Inc., Callable	6.00	09-30-14	1,218,000	1,219,523	1,199,730
Just Energy Group Inc., Callable	6.00	06-30-17	1,178,000	1,080,659	968,905
Just Energy Group Inc., Callable	5.75	09-30-18	1,218,000	1,074,945	970,868
Killiam Properties Inc., Callable	5.65	11-30-17	1,178,000	1,248,468	1,252,214
Lake Shore Gold Corp., Callable	6.25	09-30-17	1,218,000	1,228,809	1,108,502
Morneau Shepell Inc., Callable	5.75	03-31-17	1,218,000	1,275,599	1,288,035
Parex Resources Inc.	5.25	06-30-16	1,218,000	1,235,508	1,214,955
Pembina Pipeline Corp., Callable	5.75	12-31-18	1,218,000	1,318,606	1,339,800
Pembina Pipeline Corp., Callable	5.75	11-30-20	1,178,000	1,289,696	1,301,690
Pengrowth Energy Corp., Callable	6.25	12-31-14	1,218,000	1,261,478	1,242,360
Premium Brands Holdings Corp., Callable	5.75	12-31-15	1,178,000	1,223,482	1,214,518
Primaris Retail REIT, Callable	5.40	11-30-18	1,178,000	1,221,189	1,239,845
Rogers Sugar Inc., Callable	5.70	04-30-17	1,178,000	1,256,264	1,225,120

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
Royal Host Inc.	6.25	09-30-13	1,178,000	1,091,977	993,054
Southern Pacific Resource Corp.	6.00	06-30-16	1,218,000	1,272,610	1,231,398
Student Transportation Inc.	6.75	06-30-15	1,178,000	1,239,459	1,204,505
Superior Plus Corp., Callable	7.50	12-31-14	1,218,000	1,238,700	1,260,630
Superior Plus Corp., Callable	7.50	10-31-16	1,178,000	1,203,226	1,307,580
Total Energy Services Inc., Callable	5.75	03-31-16	1,178,000	1,236,108	1,206,272
TransForce Inc., Callable	6.00	11-30-15	1,218,000	1,326,078	1,397,655
TransForce Inc., Callable	5.65	09-30-18	1,178,000	1,225,118	1,242,790
Transglobe Apartment REIT	5.40	09-30-18	1,218,000	1,288,473	1,321,530
Veresen Inc., Series 'C'	5.75	07-31-17	1,218,000	1,314,853	1,291,080
Vicwest Inc., Callable	6.00	12-31-15	1,178,000	1,203,817	1,183,890
WesternOne Equity Income Fund	8.00	06-30-18	1,178,000	1,274,798	1,296,036
<b>Total Canadian Convertible Corporate Bonds — 97.38%</b>				<u>78,174,141</u>	<u>77,201,789</u>
<b>Transaction costs (Note 2)</b>				(93,681)	—
<b>Total Investments — 97.38%</b>				<u>78,080,460</u>	<u>77,201,789</u>
<b>Cash and Cash Equivalents — 6.05%</b>					4,795,846
<b>Other Assets, Less Liabilities — (3.43)%</b>					(2,718,663)
<b>Net Assets of BlackRock Convertible Bond Fund — 100.00%</b>					<u>79,278,972</u>
<b>iShares Advantaged Convertible Bond Index Fund — Common Share Portfolio</b>					(79,650,684)
<b>Fair Value Adjustment (c)</b>					319,743
<b>Accrued Forward Fees</b>					(141,209)
<b>Unrealized Depreciation on Equity Forward Agreement</b>					(193,178)

(a) The equity forward agreement, with an expiration date of June 10, 2016 is entered into with TD Global Finance having a Standard & Poor's credit rating of AA-

(b) Percentage of Net Assets of the BlackRock convertible Bond Fund.

(c) Represents the amount to reconcile fair value of investments of the common share portfolio of the Fund and the reference portfolio of the equity forward agreement at bid prices, as required by Canadian GAAP, to close prices per the settlement terms of the equity forward agreement.

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Energy	20.40
Financial Services	7.72
Health Care	8.14
Industrials	14.71
Information Technology	23.24
Materials	18.17
Unrealized Appreciation on Equity Forward Agreement	6.89
Cash and Cash Equivalents	1.21
Other Assets, Less Liabilities	(0.48)
<b>Total</b>	<u>100.00</u>

As at December 31, 2011, the investments of the BlackRock Convertible Bond Fund categorized by investment type, expressed as a percentage of the BlackRock Convertible Bond Fund's Net Assets, are included in the following table:

Investment Type	Percentage of Net Assets (%)
Canadian Convertible Corporate Bonds	90.87
Cash and Cash Equivalents	8.39
Other Assets, Less Liabilities	0.74
<b>Total</b>	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Advantaged Short Duration High Income Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$301,853,639	\$172,875,926
Cash and cash equivalents .....	1,640,012	1,144,048
Receivables:		
Capital units sold .....	—	780,424
Investment securities sold .....	2,115,636	782,009
Unrealized appreciation on equity forward agreement (Note 2) .....	6,049,352	17,229,986
<b>Total Assets</b> .....	<u>311,658,639</u>	<u>192,812,393</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	158,480	95,794
Service fees .....	14,472	9,000
Independent review committee fees .....	328	285
Investment securities purchased .....	2,115,638	1,512,371
Distribution .....	1,271,280	774,891
<b>Total Liabilities</b> .....	<u>3,560,198</u>	<u>2,392,341</u>
<b>Net Assets</b> .....	<u>\$308,098,441</u>	<u>\$190,420,052</u>
<b>Net Assets</b>		
U.S.\$ Common Units .....	\$ 27,136,034	\$ 10,407,047
U.S.\$ Advisor Class Units .....	3,388,953	1,847,161
CAD-hedged Common Units ..	249,633,659	160,516,726
CAD-hedged Advisor Class Units .....	27,939,795	17,649,118
<b>Total</b> .....	<u>\$308,098,441</u>	<u>\$190,420,052</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
U.S.\$ Common Units .....	1,400,000	535,000
U.S.\$ Advisor Class Units .....	175,000	95,000
CAD-hedged Common Units .....	12,500,000	8,275,000
CAD-hedged Advisor Class Units .....	1,400,000	910,000
<b>Net Assets per Unit</b>		
U.S.\$ Common Units <sup>(a)</sup> .....	U.S. \$ 19.47	U.S. \$ 19.11
U.S.\$ Advisor Class Units <sup>(a)</sup> ..	U.S. \$ 19.45	U.S. \$ 19.10
CAD-hedged Common Units ..	\$ 19.97	\$ 19.40
CAD-hedged Advisor Class Units .....	\$ 19.96	\$ 19.39

## Statements of Operations

For the periods ended December 31

	2012	2011 <sup>(b)</sup>
<b>Revenue</b>		
Interest income .....	\$ —	\$ 9
Miscellaneous income .....	—	146
<b>Total revenue</b> .....	<u>—</u>	<u>155</u>
<b>Expenses</b>		
Management fees (Note 9) .....	1,495,504	600,644
Service fees (Note 9) .....	143,066	60,680
Independent review committee fees .....	3,967	2,069
<b>Total expenses</b> .....	<u>1,642,537</u>	<u>663,393</u>
<b>Net Investment Loss</b> .....	<u>(1,642,537)</u>	<u>(663,238)</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain (loss) on sale of investments .....	1,376,952	(1,766,253)
Net realized gain on foreign exchange transactions .....	203	2,912
Net realized loss on equity forward agreement .....	(1,368,401)	(432,274)
Net change in unrealized appreciation/depreciation in value of investments .....	31,371,714	(13,015,723)
Net change in unrealized appreciation on foreign exchange transactions .....	275	63
Net change in unrealized appreciation/depreciation on equity forward agreement .....	(11,180,634)	17,229,986
<b>Net realized and unrealized gain on investments</b> .....	<u>20,200,109</u>	<u>2,018,711</u>
<b>Increase in Net Assets from Operations</b> .....	<u>\$ 18,557,572</u>	<u>\$ 1,355,473</u>
<b>Increase in Net Assets from Operations</b>		
U.S.\$ Common Units .....	\$ 1,031,261	\$ 353,475
U.S.\$ Advisor Class Units .....	124,682	68,075
CAD-hedged Common Units ..	15,708,811	928,650
CAD-hedged Advisor Class Units .....	1,692,818	5,273
<b>Total</b> .....	<u>\$ 18,557,572</u>	<u>\$ 1,355,473</u>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
U.S.\$ Common Units <sup>(a)</sup> .....	U.S. \$ 1.12	U.S. \$ 0.85
U.S.\$ Advisor Class Units <sup>(a)</sup> ..	U.S. \$ 0.86	U.S. \$ 0.85
CAD-hedged Common Units ..	\$ 1.53	\$ 0.19
CAD-hedged Advisor Class Units .....	\$ 1.43	\$ 0.01

<sup>(a)</sup> All information is stated in CAD except Net Assets per Unit and Increase in Net Assets from Operations per Unit for the U.S.\$ classes which are stated in U.S. Dollars.

<sup>(b)</sup> The Fund commenced operations on March 1, 2011.

Approved on behalf of the trustee  
BlackRock Investments Canada Inc.

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the periods ended December 31

	2012	2011 <sup>(a)</sup>	2012	2011 <sup>(a)</sup>
<b>U.S.\$ Common Units:</b>				
<b>Net Assets, Beginning of Period</b> .....	\$190,420,052	\$ —		
<b>Increase in Net Assets from Operations</b> .....	18,557,572	1,355,473		
<b>Capital Transactions</b>				
Proceeds from issuance of units .....	111,542,405	194,324,296		
<b>Net capital transactions</b> .....	111,542,405	194,324,296		
<b>Distributions (Note 7)</b>				
Return of capital .....	(12,421,588)	(5,259,717)		
<b>Total distributions</b> .....	(12,421,588)	(5,259,717)		
<b>Increase in Net Assets</b> .....	117,678,389	190,420,052		
<b>Net Assets, End of Period</b> .....	<u>\$308,098,441</u>	<u>\$190,420,052</u>		
<b>U.S.\$ Common Units:</b>				
<b>Net Assets, Beginning of Period</b> .....	\$ 10,407,047	\$ —		
<b>Increase in Net Assets from Operations</b> .....	1,031,261	353,475		
<b>Capital Transactions</b>				
Proceeds from issuance of units .....	16,633,548	10,330,178		
<b>Net capital transactions</b> .....	16,633,548	10,330,178		
<b>Distributions (Note 7)</b>				
Return of capital .....	(935,822)	(276,606)		
<b>Total distributions</b> .....	(935,822)	(276,606)		
<b>Increase in Net Assets</b> .....	16,728,987	10,407,047		
<b>Net Assets, End of Period</b> .....	<u>\$ 27,136,034</u>	<u>\$ 10,407,047</u>		
<b>U.S.\$ Advisor Class Units:</b>				
<b>Net Assets, Beginning of Period</b> .....	\$ 1,847,161	\$ —		
<b>Increase in Net Assets from Operations</b> .....	124,682	68,075		
<b>Capital Transactions</b>				
Proceeds from issuance of units .....	1,549,221	1,825,421		
<b>Net capital transactions</b> .....	1,549,221	1,825,421		
<b>Distributions (Note 7)</b>				
Return of capital .....	(132,111)	(46,335)		
<b>Total distributions</b> .....	(132,111)	(46,335)		
<b>Increase in Net Assets</b> .....	1,541,792	1,847,161		
<b>Net Assets, End of Period</b> .....	<u>\$ 3,388,953</u>	<u>\$ 1,847,161</u>		
<b>CAD-hedged Common Units:</b>				
<b>Net Assets, Beginning of Period</b> .....	\$160,516,726	\$ —		
<b>Increase in Net Assets from Operations</b> .....	15,708,811	928,650		
<b>Capital Transactions</b>				
Proceeds from issuance of units .....	83,684,507	164,040,832		
<b>Net capital transactions</b> .....	83,684,507	164,040,832		
<b>Distributions (Note 7)</b>				
Return of capital .....	(10,276,385)	(4,452,756)		
<b>Total distributions</b> .....	(10,276,385)	(4,452,756)		
<b>Increase in Net Assets</b> .....	89,116,933	160,516,726		
<b>Net Assets, End of Period</b> .....	<u>\$249,633,659</u>	<u>\$160,516,726</u>		
<b>CAD-hedged Advisor Class Units:</b>				
<b>Net Assets, Beginning of Period</b> .....	\$ 17,649,118	\$ —		
<b>Increase in Net Assets from Operations</b> .....	1,692,818	5,273		
<b>Capital Transactions</b>				
Proceeds from issuance of units .....	9,675,129	18,127,865		
<b>Net capital transactions</b> .....	9,675,129	18,127,865		
<b>Distributions (Note 7)</b>				
Return of capital .....	(1,077,270)	(484,020)		
<b>Total distributions</b> .....	(1,077,270)	(484,020)		
<b>Increase in Net Assets</b> .....	10,290,677	17,649,118		
<b>Net Assets, End of Period</b> .....	<u>\$ 27,939,795</u>	<u>\$ 17,649,118</u>		

<sup>(a)</sup> The Fund commenced operations on March 1, 2011.

<sup>(b)</sup> The CAD-hedged Common and Advisor Class Units commenced operations on March 1, 2011 and U.S.\$ Common and Advisor Class Units commenced operations on May 19, 2011.

The accompanying notes are an integral part of the financial statements.

# iShares Advantaged Short Duration High Income Fund (continued)

## Statement of Investments

As at December 31, 2012

### Common Share Portfolio

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 97.99%</b>			
<b>Consumer Discretionary — 2.11%</b>			
Martinrea International Inc.	843,769	7,061,828	6,513,897
		<u>7,061,828</u>	<u>6,513,897</u>
<b>Energy — 26.92%</b>			
Athabasca Oil Corp.	1,382,654	16,461,624	14,421,081
Celtic Exploration Ltd.	936,046	16,779,113	24,552,487
Legacy Oil + Gas Inc., Class 'A'	1,500,573	11,583,456	10,233,908
MEG Energy Corp.	288,580	12,518,111	8,778,604
Secure Energy Services Inc.	440,254	4,362,917	4,345,307
Tourmaline Oil Corp.	218,491	6,244,405	6,801,625
TransGlobe Energy Corp.	1,479,364	14,942,200	13,772,879
		<u>82,891,826</u>	<u>82,905,891</u>
<b>Financial Services — 7.39%</b>			
Dundee Corp., Class 'A'	742,843	17,815,494	22,760,710
		<u>17,815,494</u>	<u>22,760,710</u>
<b>Health Care — 18.89%</b>			
Catamaran Corp.	567,670	17,950,755	26,521,542
Valeant Pharmaceuticals International Inc.	534,675	22,975,210	31,674,147
		<u>40,925,965</u>	<u>58,195,689</u>
<b>Industrials — 1.76%</b>			
FirstService Corp.	193,715	5,390,010	5,424,020
		<u>5,390,010</u>	<u>5,424,020</u>
<b>Information Technology — 20.01%</b>			
Celestica Inc.	2,586,424	21,852,399	20,872,442
CGI Group Inc., Class 'A'	1,047,894	22,777,452	24,038,688
Open Text Corp.	302,141	17,469,295	16,732,569
		<u>62,099,146</u>	<u>61,643,699</u>
<b>Materials — 20.91%</b>			
Alacer Gold Corp.	1,672,380	10,157,151	8,662,928
Detour Gold Corp.	554,247	14,585,001	13,795,208
First Majestic Silver Corp.	954,697	16,171,546	19,093,940
Lundin Mining Corp.	829,055	3,869,217	4,219,890
New Gold Inc.	637,757	6,725,511	6,989,817
Osisko Mining Corp.	1,465,151	15,804,954	11,647,950
		<u>67,313,380</u>	<u>64,409,733</u>
<b>Total Equities — 97.99%</b>		<u>283,497,649</u>	<u>301,853,639</u>
<b>Total Investments — 97.99%</b>		<u>283,497,649</u>	<u>301,853,639</u>
<b>Unrealized Appreciation on Equity Forward Agreement (Schedule A) — 1.96%</b>			<u>6,049,352</u>
<b>Cash and Cash Equivalents — 0.53%</b>			<u>1,640,012</u>
<b>Other Assets, Less Liabilities — (0.48)%</b>			<u>(1,444,562)</u>
<b>Net Assets — 100.00%</b>			<u>308,098,441</u>

## Schedule A — Equity Forward Agreement (a)

### Portfolio of BlackRock Short Duration High Income Fund

Security	Coupon rate (%)	Maturity date	Par value (c)	Average cost (\$)	Fair value (\$)
<b>Corporate Bonds — 69.65% (d)</b>					
<b>Canada — 2.14%</b>					
MDC Partners Inc., Callable	11.00	11-01-16	4,500,000	4,879,636	4,923,114
MDC Partners Inc., 144A, Callable	11.00	11-01-16	1,500,000	1,573,066	1,641,038
				<u>6,452,702</u>	<u>6,564,152</u>
<b>Luxembourg — 1.28%</b>					
APERAM, Callable	7.38	04-01-16	4,250,000	4,140,690	3,946,084
				<u>4,140,690</u>	<u>3,946,084</u>
<b>Marshall Islands — 1.45%</b>					
Drill Rigs Holdings Inc., Callable	6.50	10-01-17	4,495,000	4,423,140	4,453,293
				<u>4,423,140</u>	<u>4,453,293</u>
<b>Mexico — 1.31%</b>					
Cemex SAB de CV, Variable Rate, (b)	5.31	09-30-15	4,000,000	3,828,483	4,032,585
				<u>3,828,483</u>	<u>4,032,585</u>
<b>United States — 63.47%</b>					
AES Corp. (The)	7.75	03-01-14	4,025,000	4,423,239	4,268,193
Alion Science and Technology Corp., Pay-In-Kind, Callable	12.00	11-01-14	1,545,457	1,499,771	1,481,106
Ally Financial Inc.	3.12	01-15-16	6,000,000	5,928,215	5,980,634
American Casino & Entertainment Properties LLC, Callable	11.00	06-15-14	4,805,000	5,134,438	4,915,908
Apria Healthcare Group Inc., Series 'A1', Callable	11.25	11-01-14	2,800,000	2,876,468	2,882,054
Apria Healthcare Group Inc., Series 'A2', Callable	12.38	11-01-14	3,065,000	3,139,958	3,021,302
ARAMARK Corp., Callable	8.50	02-01-15	4,250,000	4,279,746	4,252,926
Avaya Inc., Callable	10.12	11-01-15	700,000	683,424	623,806
Avis Budget Car Rental LLC / Avis Budget Finance Inc., Callable	4.88	11-15-17	6,000,000	6,009,901	6,063,813
Bankrate Inc., Callable	11.75	07-15-15	1,000,000	1,094,821	1,099,004
Beverages & More Inc., Callable	9.62	10-01-14	5,500,000	5,581,947	5,606,413
BioScrip Inc., Callable	10.25	10-01-15	6,028,000	6,516,722	6,407,220
Bumble Bee Acquisition Corp., Callable	9.00	12-15-17	2,505,000	2,646,078	2,681,296
Caesars Entertainment Operating Co. Inc., Callable	11.25	06-01-17	4,000,000	4,310,991	4,266,575
Case New Holland Inc., Callable	7.88	12-01-17	2,500,000	2,896,503	2,943,538
CNH Capital LLC	3.88	11-01-15	3,500,000	3,451,175	3,593,855
Commercial Barge Line Co., Callable	12.50	07-15-17	4,369,000	4,791,693	4,796,110
Continental Airlines, Class 'C' Pass Through Trust, Series '2007-1', Callable	7.34	04-19-14	489,272	479,248	506,655
Credit Acceptance Corp., Callable	9.12	02-01-17	6,000,000	6,530,767	6,526,814
Easton-Bell Sports Inc., Callable	9.75	12-01-16	3,225,000	3,410,900	3,452,289
First Data Corp., Pay-In-Kind, Callable	10.55	09-24-15	4,884,625	4,929,473	4,979,132
Ford Motor Credit Co. LLC	8.70	10-01-14	3,075,000	3,487,109	3,429,136

The accompanying notes are an integral part of the financial statements.



Security	Coupon rate (%)	Maturity date	Par value (c)	Average cost (\$)	Fair value (\$)	Security	Coupon rate (%)	Maturity date	Shares/Par value (c)	Average cost (\$)	Fair value (\$)
<b>United States (continued)</b>						<b>United States (continued)</b>					
Global Aviation Holdings Inc., Callable	14.00	08-15-13	2,872,000	3,161,591	915,088	Thermadyne Holdings Corp., Callable	9.00	12-15-17	5,498,000	5,725,661	5,830,192
GXS Worldwide Inc., Callable	9.75	06-15-15	5,000,000	4,982,302	5,190,086	United Air Lines Inc., Callable	9.88	08-01-13	3,158,000	3,258,941	3,162,108
HCA Inc., Callable	5.75	03-15-14	1,250,000	1,299,730	1,300,633	Yonkers Racing Corp., Callable	11.38	07-15-16	500,000	541,439	537,678
Icahn Enterprises L.P. / Icahn Enterprises Finance Corp., Callable	7.75	01-15-16	5,150,000	5,333,220	5,313,740					197,378,211	195,000,796
iGATE Corp., Callable	9.00	05-01-16	6,005,000	6,500,813	6,479,935					216,223,226	213,996,910
Intcomex Inc., Callable	13.25	12-15-14	1,925,000	1,928,451	1,983,808	<b>Total Corporate Bonds — 69.65%</b>					
International Lease Finance Corp.	6.38	03-25-13	1,775,000	1,768,947	1,785,925	<b>Exchange-Traded Funds — 0.69%</b>					
International Lease Finance Corp., Series 'R'	6.62	11-15-13	2,000,000	2,139,152	2,066,078	SPDR Barclays High Yield Bond ETF			52,500	2,071,613	2,128,085
Jarden Corp., Callable	8.00	05-01-16	4,100,000	4,583,114	4,337,518					2,071,613	2,128,085
JDA Software Group Inc., Callable	8.00	12-15-14	750,000	813,686	778,513	<b>Syndicated Senior Loans — 16.37%</b>					
Level 3 Financing Inc., Callable, Floating Rate (b)	4.47	02-15-15	5,750,000	5,516,046	5,718,405	American Capital, Term Loan (b)	5.50	08-15-16	1,000,000	984,702	1,005,657
Marquette Transportation Co. / Marquette Transportation Finance Corp., Callable	10.88	01-15-17	3,485,000	3,647,548	3,608,815	Aspect Software, Term Loan (b)	7.00	05-07-16	669,006	645,762	660,301
MGM MIRAGE, Callable	7.50	06-01-16	3,000,000	3,126,766	3,203,665	Associated Partners (b)	7.50	12-21-15	1,250,000	1,212,230	1,213,509
MGM Resorts International	6.63	07-15-15	1,000,000	1,042,083	1,067,888	Astoria Generating, Term Loan (b)	8.50	10-26-17	3,000,000	2,872,944	3,004,530
MGM Resorts International, Callable	5.88	02-27-14	1,000,000	1,023,308	1,035,528	Asurion LLC, Term Loan (b)	5.50	05-24-18	1,000,000	985,839	989,318
Nationstar Mortgage LLC / Nationstar Capital Corp., Callable	10.88	04-01-15	5,350,000	5,665,838	5,699,885	Avaya Inc., Term Loan (b)	3.06	10-24-14	3,454,239	3,071,052	3,238,491
Noranda Aluminum Acquisition Corp., Floating Rate, Callable (b)	4.52	05-15-15	6,230,090	5,814,837	5,831,103	Avaya Inc., Term Loan (b)	4.81	10-26-17	1,492,072	1,314,142	1,307,615
Nuveen Investments Inc., Callable	9.12	10-15-17	2,400,000	2,342,160	2,347,861	Boyd Gaming Corp., Term Loan (b)	3.71	12-17-15	935,065	893,022	919,406
Pinnacle Foods Finance LLC / Pinnacle Foods Finance Corp., Callable	9.25	04-01-15	5,608,000	5,701,346	5,667,644	Catalent Pharma Solutions Inc., Term Loan (b)	4.21	09-15-16	1,989,474	1,955,626	1,994,538
Seminole Hard Rock Entertainment Inc., Variable Rate, Callable (b)	2.81	03-15-14	3,975,000	3,748,547	3,928,223	CDW LLC, Term Loan (b)	4.00	07-15-17	5,000,000	4,876,468	4,863,397
SESI LLC, Callable	6.88	06-01-14	1,500,000	1,546,306	1,495,417	Ceridian Corp., Term Loan (b)	5.96	05-30-17	3,676,955	3,645,033	3,651,332
Snoqualmie Entertainment Authority, Variable Rate, Callable (b)	4.48	02-01-14	2,425,000	2,151,837	2,354,208	Excelitas Technologies Corp., Term Loan (b)	5.00	11-29-16	497,460	482,563	498,417
Stanadyne Corp., Series '1', Callable	10.00	08-15-14	3,000,000	2,975,901	2,770,535	Fly Leasing Ltd., Term Loan (b)	5.75	08-09-18	493,750	473,810	494,700
Standard Steel LLC / Standard Steel Finance Corp.	12.00	05-01-15	2,000,000	2,296,908	2,175,604	Global Aviation, Term Loan (b)	9.96	09-27-12	919,225	921,336	919,849
Steel Dynamics Inc., Callable	6.75	04-01-15	3,975,000	3,947,726	4,007,381	Guitar Center Inc., Term Loan (b)	5.56	10-09-14	5,000,000	4,776,810	4,639,763
Steinway Musical Instruments Inc., Callable	7.00	03-01-14	4,411,000	4,381,303	4,397,567	IPC Information Systems, Term Loan (b)	7.75	07-31-17	480,553	471,955	466,226
Stream Global Services Inc., Callable	11.25	10-01-14	4,313,000	4,525,430	4,487,705	IPC Systems Inc., Term Loan (b)	7.75	07-31-17	3,491,250	3,333,573	3,389,332
Sugarhouse HSP Gaming Prop Mezz L.P. / Sugarhouse HS	8.62	04-15-16	4,500,000	4,753,088	4,805,497	iStar Financial Inc., Term Loan (b)	5.25	03-19-16	2,004,845	1,986,276	1,976,262
Symbion Inc., Callable	8.00	06-15-16	4,400,000	4,408,100	4,512,512	Nuveen Investments Inc., Term Loan (b)	5.81	05-13-17	1,000,000	981,070	982,009
Tempel Steel Co., Callable	12.00	08-15-16	2,700,000	2,623,499	2,426,272	Nuveen Investments Inc., Zero Coupon (b)	5.81	05-13-17	2,000,000	1,990,542	1,957,546
						Ocwen Financial Corp., Term Loan (b)	7.00	09-01-16	105,304	106,735	105,113
						Rgis Inventory Specialists Ltd., Term Loan (b)	4.56	10-18-16	497,494	479,234	499,070
						Sabre Holdings Corp., Term Loan (b)	5.75	08-28-17	4,000,000	3,897,831	4,006,259
						Sabre Inc., Term Loan (b)	7.25	12-29-17	997,500	978,687	1,007,905
						Sequa Corp., Term Loan (b)	4.00	05-29-17	1,000,000	979,627	1,003,476
						U.S. Foodservice, Term Loan (b)	5.75	05-11-17	1,994,937	1,923,627	1,987,610

The accompanying notes are an integral part of the financial statements.

## iShares Advantaged Short Duration High Income Fund (continued)

Security	Coupon rate (%)	Maturity date	Par value (c)	Average cost (\$)	Fair value (\$)
<b>Syndicated Senior Loans (continued)</b>					
U.S. Foodservice, Term Loan (b)	5.75	06-06-17	2,968,668	2,800,855	2,953,125
Univision Communications Inc., Term Loan (b)	4.46	03-31-17	599,590	560,047	564,553
<b>Total Syndicated Senior Loans — 16.37%</b>				49,601,398	50,299,309
<b>Total Investments — 86.71%</b>				267,896,237	266,424,304
<b>Unrealized Depreciation on Forward Currency Contracts (Schedule 1) — (0.16)%</b>					
					(487,444)
<b>Cash and Cash Equivalents — 14.50%</b>					44,566,339
<b>Other Assets, Less Liabilities — (1.05)%</b>					(3,242,612)
<b>Net Assets of BlackRock Short Duration High Income Fund — 100.00%</b>					307,260,587
<b>iShares Advantaged Short Duration High Income Fund — Common Share Portfolio</b>					(301,853,639)
<b>Fair Value Adjustment (e)</b>					946,002
<b>Accrued Forward Fees</b>					(303,598)
<b>Unrealized Appreciation on Equity Forward Agreement</b>					6,049,352

(a) The equity forward agreements, with termination dates of February 24, 2016 and May 17, 2016 are entered with TD Global Finance having a Standard & Poor's credit rating of AA-

(b) Coupon rate shown is as at report date.

(c) Denominated in U.S. Dollars.

(d) Percentage of Net Assets of the BlackRock Short Duration High Income Fund.

(e) Represents the amount to reconcile fair value of investments at bid prices, as required by Canadian GAAP, to close prices per the settlement terms of the equity forward agreement.

## Schedule 1 — Forward Currency Contracts (f)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy	277,720,000	USD	01-04-13	276,536,913	276,531,822	(5,091)
Buy	2,000,000	USD	01-04-13	1,969,760	1,991,443	21,683
Sell	(276,635,000)	USD	01-04-13	(274,967,721)	(275,451,464)	(483,743)
Sell	(1,640,000)	USD	01-04-13	(1,629,384)	(1,632,983)	(3,599)
Sell	(1,445,000)	USD	01-04-13	(1,436,262)	(1,438,818)	(2,556)
Buy	250,000	USD	02-05-13	248,638	249,103	465
Sell	(277,720,000)	USD	02-05-13	(276,708,544)	(276,722,985)	(14,441)
Sell	(2,020,000)	USD	02-05-13	(2,012,587)	(2,012,749)	(162)
						(487,444)

(f) The forward currency contracts are entered with BNP Paribas SA, Credit Suisse First Boston, UBS AG and Deutsche Bank AG, each having a Standard & Poor's credit rating of A-1.

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Energy	23.12
Financial Services	6.87
Health Care	9.71
Industrials	9.19
Information Technology	26.74
Materials	15.15
Unrealized Appreciation on Equity Forward Agreement	9.05
Cash and Cash Equivalents	0.60
Other Assets, Less Liabilities	(0.43)
<b>Total</b>	<b>100.00</b>

As at December 31, 2011, the investments of the BlackRock Short Duration High Income Fund categorized by asset class/ investment type, expressed as a percentage of the BlackRock Short Duration High Income Fund's Net Assets, are included in the following table:

Asset Class/Investment Type	Percentage of Net Assets (%)
Exchange-Traded Funds	1.08
Corporate Bonds	80.62
Senior Syndicated Loans	9.24
Unrealized Depreciation on Forward Currency Contracts	1.66
Cash and Cash Equivalents	5.99
Other Assets, Less Liabilities	1.41
<b>Total</b>	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.

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# iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$494,450,960	\$274,956,425
Cash and cash equivalents .....	3,100,049	2,204,043
Receivables:		
Capital units sold .....	—	1,974,676
Unrealized appreciation on equity forward agreement (Note 2) .....	8,206,760	11,390,508
<b>Total Assets</b> .....	<b>505,757,769</b>	<b>290,525,652</b>
<b>Liabilities</b>		
Payables:		
Management fees .....	235,139	131,862
Service fees .....	20,831	12,817
Independent review committee fees .....	550	1,074
Distribution .....	2,679,700	1,858,170
<b>Total Liabilities</b> .....	<b>2,936,220</b>	<b>2,003,923</b>
<b>Net Assets</b> .....	<b>\$502,821,549</b>	<b>\$288,521,729</b>
<b>Net Assets</b>		
Common Units .....	\$458,699,882	\$261,072,851
Advisor Class Units .....	44,121,667	27,448,878
<b>Total</b> .....	<b>\$502,821,549</b>	<b>\$288,521,729</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	21,800,000	13,210,000
Advisor Class Units .....	2,100,000	1,390,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 21.04	\$ 19.76
Advisor Class Units .....	\$ 21.01	\$ 19.75

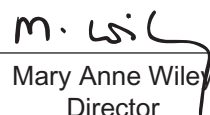
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Dividend income .....	\$ —	\$ 13,070
Interest income .....	—	33
Miscellaneous income .....	—	5,668
<b>Total revenue</b> .....	<b>—</b>	<b>18,771</b>
<b>Expenses</b>		
Management fees (Note 9) .....	2,350,310	1,170,284
Service fees (Note 9) .....	218,686	106,285
Independent review committee fees .....	5,766	7,792
Interest and bank charges .....	—	41
<b>Total expenses</b> .....	<b>2,574,762</b>	<b>1,284,402</b>
<b>Net Investment Loss</b> .....	<b>(2,574,762)</b>	<b>(1,265,631)</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	2,706,872	4,405,374
Net realized loss on foreign exchange transactions .....	—	(457)
Net realized loss on equity forward agreement .....	(2,246,566)	(1,277,354)
Net change in unrealized appreciation/depreciation in value of investments .....	59,838,273	(24,497,907)
Net change in unrealized appreciation/depreciation on equity forward agreement .....	(3,183,748)	32,400,885
<b>Net realized and unrealized gain on investments</b> .....	<b>57,114,831</b>	<b>11,030,541</b>
<b>Increase in Net Assets from Operations</b> .....	<b>\$54,540,069</b>	<b>\$ 9,764,910</b>
<b>Increase in Net Assets from Operations</b>		
Common Units .....	\$49,636,458	\$ 8,929,891
Advisor Class Units .....	4,903,611	835,019
<b>Total</b> .....	<b>\$54,540,069</b>	<b>\$ 9,764,910</b>
<b>Increase in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ 2.64	\$ 0.93
Advisor Class Units .....	\$ 2.55	\$ 0.88

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$288,521,729	\$133,453,677
<b>Increase in Net Assets from Operations</b> .....	54,540,069	9,764,910
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	205,322,021	165,731,340
Payments for units redeemed .....	(15,184,205)	(3,984,180)
<b>Net capital transactions</b> .....	190,137,816	161,747,160
<b>Distributions (Note 7)</b>		
From capital gains .....	—	(1,867,708)
Return of capital .....	(30,378,065)	(14,576,310)
<b>Total distributions</b> .....	(30,378,065)	(16,444,018)
<b>Increase in Net Assets</b> .....	214,299,820	155,068,052
<b>Net Assets, End of Year</b> .....	\$502,821,549	\$288,521,729
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$261,072,851	\$119,704,592
<b>Increase in Net Assets from Operations</b> .....	49,636,458	8,929,891
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	189,882,988	151,473,478
Payments for units redeemed .....	(14,140,220)	(3,984,180)
<b>Net capital transactions</b> .....	175,742,768	147,489,298
<b>Distributions (Note 7)</b>		
From capital gains .....	—	(1,866,315)
Return of capital .....	(27,752,195)	(13,184,615)
<b>Total distributions</b> .....	(27,752,195)	(15,050,930)
<b>Increase in Net Assets</b> .....	197,627,031	141,368,259
<b>Net Assets, End of Year</b> .....	\$458,699,882	\$261,072,851
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 27,448,878	\$ 13,749,085
<b>Increase in Net Assets from Operations</b> .....	4,903,611	835,019
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	15,439,033	14,257,862
Payments for units redeemed .....	(1,043,985)	—
<b>Net capital transactions</b> .....	14,395,048	14,257,862
<b>Distributions (Note 7)</b>		
From capital gains .....	—	(1,393)
Return of capital .....	(2,625,870)	(1,391,695)
<b>Total distributions</b> .....	(2,625,870)	(1,393,088)
<b>Increase in Net Assets</b> .....	16,672,789	13,699,793
<b>Net Assets, End of Year</b> .....	\$ 44,121,667	\$ 27,448,878

## Statement of Investments

As at December 31, 2012

### Common Share Portfolio

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 98.33%</b>			
<b>Consumer Discretionary — 4.94%</b>			
Martinrea International Inc. ....	3,221,037	25,575,034	24,866,406
		25,575,034	24,866,406
<b>Energy — 21.91%</b>			
Athabasca Oil Corp. ....	1,150,437	12,999,007	11,999,058
Celtic Exploration Ltd. ....	1,793,000	24,766,893	47,030,390
Crew Energy Inc. ....	823,423	11,847,703	5,311,078
MEG Energy Corp. ....	622,613	26,025,962	18,939,887
Petrobank Energy and Resources Ltd. ....	361,768	5,633,346	4,449,746
Secure Energy Services Inc. ....	606,298	5,959,909	5,984,161
TransGlobe Energy Corp. ....	1,766,662	17,464,466	16,447,623
		104,697,286	110,161,943
<b>Financial Services — 11.77%</b>			
Dundee Corp., Class 'A' ....	1,180,526	19,830,859	36,171,317
FirstService Corp. ....	822,498	21,608,504	23,029,944
		41,439,363	59,201,261
<b>Health Care — 18.61%</b>			
Catamaran Corp. ....	968,999	26,328,432	45,271,633
Valeant Pharmaceuticals International Inc. ....	815,504	38,809,171	48,310,457
		65,137,603	93,582,090
<b>Information Technology — 19.07%</b>			
Celestica Inc. ....	3,529,976	30,057,053	28,486,906
CGI Group Inc., Class 'A' ....	1,574,410	29,432,773	36,116,965
Open Text Corp. ....	565,204	33,039,507	31,300,998
		92,529,333	95,904,869
<b>Materials — 22.03%</b>			
AuRico Gold Inc. ....	1,761,725	12,254,677	14,287,590
Canfor Corp. ....	1,532,601	17,050,775	25,410,525
Detour Gold Corp. ....	566,533	13,909,275	14,101,006
Dundee Precious Metals Inc. ....	484,642	3,449,991	4,090,378
First Majestic Silver Corp. ....	689,593	12,631,102	13,791,860
New Gold Inc. ....	1,302,807	12,497,893	14,278,765
Osisko Mining Corp. ....	1,469,463	16,150,338	11,682,231
Tahoe Resources Inc. ....	720,134	13,884,972	13,092,036
		101,829,023	110,734,391
<b>Total Equities — 98.33%</b> .....		431,207,642	494,450,960
<b>Total Investments — 98.33%</b> .....		431,207,642	494,450,960
<b>Unrealized Appreciation on Equity Forward Agreement (Schedule A) — 1.63%</b> .....			8,206,760
<b>Cash and Cash Equivalents — 0.62%</b> .....			3,100,049
<b>Other Assets, Less Liabilities — (0.58)%</b> ..			(2,936,220)
<b>Net Assets — 100.00%</b> .....			502,821,549

The accompanying notes are an integral part of the financial statements.

# iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) (continued)

## Schedule A — Equity Forward Agreement (a)

### BlackRock High Yield Bond Fund

Security	Coupon rate (%)	Maturity date	Par value <sup>(b)</sup>	Average cost (\$)	Fair value (\$)
<b>Corporate Bonds — 96.97% <sup>(c)</sup></b>					
<b>Australia — 0.47%</b>					
FMG Resources Aug 2006 Property Ltd., Callable	7.00	11-01-15	1,250,000	1,242,093	1,306,856
FMG Resources Aug 2006 Property Ltd., Callable	8.25	11-01-19	1,000,000	1,036,508	1,060,420
				<u>2,278,601</u>	<u>2,367,276</u>
<b>Canada — 3.62%</b>					
Bombardier Inc., Callable	7.75	03-15-20	1,500,000	1,691,728	1,695,179
Brookfield Residential Properties Inc., Callable	6.50	12-15-20	750,000	761,962	765,444
Eldorado Gold Corp., Callable	6.12	12-15-20	500,000	493,575	506,562
IAMGOLD Corp., Callable	6.75	10-01-20	1,000,000	974,365	970,808
Inmet Mining Corp., Callable	8.75	06-01-20	5,350,000	5,374,113	5,819,742
MEG Energy Corp., Callable	6.50	03-15-21	2,000,000	2,122,156	2,095,948
Novelis Inc., Callable	8.75	12-15-20	2,195,000	2,408,714	2,436,901
PetroBakken Energy Ltd., Callable	8.62	02-01-20	1,250,000	1,279,232	1,263,294
Precision Drilling Corp., Callable	6.62	11-15-20	1,000,000	1,063,223	1,070,378
Quebecor Media Inc., Callable	5.75	01-15-23	1,000,000	1,037,633	1,049,219
Vidéotron Ltée, Callable	5.00	07-15-22	500,000	492,702	522,120
				<u>17,699,403</u>	<u>18,195,595</u>
<b>Cayman Islands — 1.55%</b>					
Country Garden Holdings Co. Ltd.	11.12	02-23-18	1,000,000	1,007,716	1,150,034
Offshore Group Investment Ltd., Callable	7.50	11-01-19	1,000,000	998,618	1,005,657
Offshore Group Investment Ltd., Callable	11.50	08-01-15	2,741,000	2,999,493	2,974,843
Seagate HDD Cayman, Callable	7.75	12-15-18	1,000,000	1,066,185	1,094,025
UPCB Finance III Ltd., Callable	6.62	07-01-20	1,500,000	1,494,542	1,599,965
				<u>7,566,554</u>	<u>7,824,524</u>
<b>Ireland — 0.20%</b>					
Nara Cable Funding Ltd., Callable	8.88	12-01-18	1,000,000	962,736	1,013,125
				<u>962,736</u>	<u>1,013,125</u>
<b>Liberia — 0.16%</b>					
Royal Caribbean Cruises Ltd.	5.25	11-15-22	750,000	793,448	789,715
				<u>793,448</u>	<u>789,715</u>
<b>Luxembourg — 3.25%</b>					
ArcelorMittal, Callable	5.50	03-01-21	3,000,000	2,999,581	2,978,536
CHC Helicopter SA, Callable	9.25	10-15-20	2,000,000	1,957,559	2,095,948
Expro Finance Luxembourg, Callable	8.50	12-15-16	858,000	869,716	892,755
Intelsat Jackson Holdings SA, Callable	7.25	04-01-19	3,500,000	3,552,040	3,746,321
Intelsat Luxembourg SA, Step Coupon, Callable	11.25	02-04-17	2,950,000	3,189,145	3,106,211
SIL II BO / SIL II US HOLD, Callable	7.75	12-15-20	150,000	148,942	154,582
Wind Acquisition Finance SA, Callable	11.75	07-15-17	3,200,000	3,601,577	3,337,586
				<u>16,318,560</u>	<u>16,311,939</u>

Security	Coupon rate (%)	Maturity date	Par value <sup>(b)</sup>	Average cost (\$)	Fair value (\$)
<b>Netherlands — 0.90%</b>					
LyondellBasell Industries NV, Callable	5.00	04-15-19	4,000,000	4,326,685	4,400,994
NXP BV / NXP Funding LLC, Callable	9.75	08-01-18	100,000	108,560	115,377
				<u>4,435,245</u>	<u>4,516,371</u>
<b>Puerto Rico — 1.04%</b>					
Warner Chilcott Co. LLC, Callable	7.75	09-15-18	4,925,000	5,156,550	5,222,571
				<u>5,156,550</u>	<u>5,222,571</u>
<b>Spain — 0.19%</b>					
Abengoa SA, Callable	8.88	11-01-17	1,000,000	970,037	935,958
				<u>970,037</u>	<u>935,958</u>
<b>United Kingdom — 2.40%</b>					
Algeco Scotsman Global Finance PLC, Callable	8.50	10-15-18	1,500,000	1,548,534	1,545,824
CEVA Group PLC, Callable	8.38	12-01-17	750,000	723,162	735,573
CEVA Group PLC, Callable	11.50	04-01-18	500,000	539,659	415,705
Ineos Finance PLC, Callable	8.38	02-15-19	2,300,000	2,443,453	2,467,594
Royal Bank of Scotland Group PLC	6.12	12-15-22	4,500,000	4,633,005	4,729,245
Virgin Media Finance PLC	4.88	02-15-22	1,000,000	1,025,221	1,018,103
Virgin Media Finance PLC, Callable	8.38	10-15-19	1,002,000	1,120,410	1,132,380
				<u>12,033,444</u>	<u>12,044,424</u>
<b>United States — 83.19%</b>					
313 Group Inc., Callable	6.38	12-01-19	500,000	490,795	493,494
Access Midstream Partners L.P. / ACMP Finance Corp., Callable	4.88	05-15-23	1,400,000	1,412,163	1,414,890
AES Corp. (The), Callable	7.38	07-01-21	2,500,000	2,585,899	2,763,068
Ally Financial Inc.	8.00	11-01-31	1,800,000	1,938,890	2,269,449
Alpha Natural Resources Inc., Callable	6.00	06-01-19	1,000,000	886,833	916,044
AMC Entertainment Inc., Callable	9.75	12-01-20	1,000,000	1,070,094	1,150,034
AMC Networks Inc., Callable	7.75	07-15-21	600,000	600,455	684,046
AMC Networks Inc., Callable	4.75	12-15-22	250,000	246,788	250,170
AmeriGas Finance LLC / AmeriGas Finance Corp., Callable	7.00	05-20-22	1,000,000	1,100,226	1,107,716
Ameristar Casinos Inc., Callable	7.50	04-15-21	1,000,000	1,018,546	1,079,090
Apria Healthcare Group Inc., Series 'A1', Callable	11.25	11-01-14	2,500,000	2,635,796	2,573,262
ARAMARK Holdings Corp., Callable	8.62	05-01-16	1,500,000	1,452,834	1,529,037
Arch Coal Inc., Callable	7.25	06-15-21	1,500,000	1,494,179	1,377,800
Avaya Inc., Callable	7.00	04-01-19	6,345,000	6,006,793	5,907,065
Avis Budget Car Rental LLC / Avis Budget Finance Inc., Callable	8.25	01-15-19	1,400,000	1,537,486	1,540,348
B/E Aerospace Inc., Callable	6.88	10-01-20	2,050,000	2,131,578	2,270,818
B/E Aerospace Inc., Callable	5.25	04-01-22	1,000,000	1,056,250	1,055,442
Ball Corp.	5.00	03-15-22	3,000,000	3,025,270	3,196,197
Berry Petroleum Co., Callable	6.38	09-15-22	4,575,000	4,657,625	4,737,541
Berry Plastics Corp., Callable	9.75	01-15-21	400,000	393,341	459,018
Biomet Inc., Callable	6.50	08-01-20	4,500,000	4,661,022	4,760,691
Building Materials Corp. of America, Callable	6.75	05-01-21	500,000	487,163	550,124
Bumble Bee Acquisition Corp., Callable	9.00	12-15-17	1,852,000	1,972,040	1,982,339
Burger King Corp., Callable	9.88	10-15-18	1,500,000	1,579,937	1,710,115
Cablevision Systems Corp., Callable	8.62	09-15-17	4,500,000	4,881,368	5,225,558

The accompanying notes are an integral part of the financial statements.

Security	Coupon rate (%)	Maturity date	Par value <sup>(b)</sup>	Average cost (\$)	Fair value (\$)	Security	Coupon rate (%)	Maturity date	Par value <sup>(b)</sup>	Average cost (\$)	Fair value (\$)
<b>United States (continued)</b>						<b>United States (continued)</b>					
Caesars Entertainment Operating Co. Inc., Callable	10.00	12-15-18	3,600,000	2,971,176	2,374,744	Emergency Medical Services Corp., Callable	8.12	06-01-19	1,000,000	991,706	1,093,403
Calpine Corp., Callable	7.50	02-15-21	2,093,000	2,127,001	2,302,820	Energy Future Holdings Corp. / EFIH Finance Inc., Callable	10.00	12-01-20	1,500,000	1,576,210	1,683,978
Case New Holland Inc., Callable	7.88	12-01-17	3,650,000	4,011,021	4,297,566	Energy Future Holdings Corp., Callable	10.00	01-15-20	1,000,000	993,981	1,112,695
CCO Holdings LLC / CCO Holdings Capital Corp., Callable	6.50	04-30-21	2,500,000	2,592,515	2,685,278	Energy Transfer Equity L.P.	7.50	10-15-20	3,400,000	3,575,996	3,910,114
CDW LLC / CDW Finance Corp., Callable	8.50	04-01-19	2,000,000	1,950,179	2,155,690	EP Energy LLC / EP Energy Finance Inc., Callable	9.38	05-01-20	3,000,000	3,098,007	3,367,955
Cequel Communications Escrow 1 LLC / Cequel Communications Escrow Capital Corp., Callable	6.38	09-15-20	1,000,000	1,013,572	1,036,773	Equinix Inc., Callable	8.12	03-01-18	300,000	320,890	329,328
Ceridian Corp., Callable	8.88	07-15-19	1,000,000	1,058,094	1,080,334	EXCO Resources Inc., Callable	7.50	09-15-18	500,000	508,326	482,914
Chesapeake Energy Corp., Callable	6.78	03-15-19	1,000,000	986,585	996,945	Exide Technologies, Callable	8.62	02-01-18	500,000	424,417	421,928
Chesapeake Energy Corp., Callable	6.62	08-15-20	1,000,000	1,021,127	1,067,888	First Data Corp., Callable	12.62	01-15-21	5,800,000	5,931,290	6,078,251
Chrysler Group LLC / CG Co-Issuer Inc., Callable	8.14	06-15-21	2,500,000	2,443,062	2,738,175	First Data Corp., Pay-In-Kind, Callable	10.55	09-24-15	651,540	579,280	664,146
CHS / Community Health Systems Inc.	8.00	11-15-19	11,950,000	12,907,726	12,880,251	Freescall Semiconductor Inc., Callable	9.25	04-15-18	1,500,000	1,605,534	1,631,703
Cimarex Energy Co., Callable	5.88	05-01-22	1,000,000	1,070,971	1,090,292	Frontier Communications Corp., Callable	8.50	04-15-20	4,800,000	4,942,079	5,496,264
Cincinnati Bell Inc., Callable	8.75	03-15-18	800,000	775,044	822,448	GCB U.S. Oncology Inc.	9.12	08-15-17	300,000	—	5,601
Cincinnati Bell Inc., Callable	8.38	10-15-20	405,000	420,065	436,527	GenOn Energy Inc., Callable	9.50	10-15-18	2,500,000	2,467,060	2,937,315
CIT Group Inc.	5.50	02-15-19	1,500,000	1,628,034	1,627,970	Goodyear Tire & Rubber Co. (The), Callable	8.25	08-15-20	4,200,000	4,468,742	4,589,679
Clean Harbors Inc., Callable	5.25	08-01-20	4,065,000	4,222,100	4,219,540	Grifols Inc., Callable	8.25	02-01-18	4,000,000	4,064,499	4,386,059
Clear Channel Communications Inc., Callable	9.00	03-01-21	2,250,000	2,058,402	1,999,490	GXS Worldwide Inc., Callable	9.75	06-15-15	1,000,000	1,022,976	1,038,017
Clearwire Communications LLC / Clearwire Finance Inc., Callable	12.0	12-01-15	3,160,000	3,143,519	3,382,393	Halcon Resources Corp., Callable	9.75	07-15-20	700,000	719,150	752,749
CommScope Inc., Callable	8.25	01-15-19	5,500,000	5,608,476	5,996,603	Halcon Resources Corp., Callable	8.88	05-15-21	1,000,000	1,056,131	1,055,442
Compass Investors Inc., Callable	7.75	01-15-21	750,000	739,912	735,573	Hanesbrands Inc.	6.38	12-15-20	900,000	892,349	985,743
Concho Resources Inc., Callable	7.00	01-15-21	572,000	587,443	635,038	Harbinger Group Inc., Callable	7.88	07-15-19	750,000	748,642	740,241
Concho Resources Inc., Callable	5.50	04-01-23	1,500,000	1,561,936	1,564,494	HCA Holdings Inc., Callable	7.75	05-15-21	4,600,000	4,772,224	4,969,539
CONSOL Energy Inc., Callable	8.00	04-01-17	1,700,000	1,840,358	1,832,337	HCA Inc., Callable	6.50	02-15-20	4,000,000	4,031,895	4,480,650
Constellation Brands Inc., Callable	6.00	05-01-22	1,000,000	1,036,781	1,140,076	HD Supply Inc., Callable	8.12	04-15-19	1,000,000	1,069,979	1,135,098
Continental Airlines Inc., Callable	6.75	09-15-15	2,200,000	2,292,808	2,300,067	HDTFS Inc., Callable	5.88	10-15-20	1,000,000	1,038,877	1,040,506
Continental Resources Inc., Callable	5.00	09-15-22	1,500,000	1,595,327	1,609,300	Health Management Associates Inc., Callable	7.38	01-15-20	3,500,000	3,611,933	3,763,746
Crockett Communications Inc., Callable	7.75	10-15-20	2,000,000	1,937,038	2,031,228	Hertz Corp. (The), Callable	6.75	04-15-19	1,000,000	966,141	1,086,558
Crosstex Energy L.P., Callable	8.88	02-15-18	400,000	424,029	430,142	Hexion US Finance Corp. / Hexion Nova Scotia Finance ULC, Callable	8.88	02-01-18	1,300,000	1,313,010	1,330,006
Crown Americas LLC	7.62	05-15-17	285,000	313,870	299,737	Hub International Ltd., Callable	8.12	10-15-18	750,000	765,102	765,444
Crown Americas LLC / Crown Americas Capital Corp. III, Callable	6.25	02-01-21	1,000,000	983,677	1,091,536	Hughes Satellite Systems Corp., Callable	6.50	06-15-19	3,000,000	3,107,823	3,293,278
Crown Castle International Corp.	5.25	01-15-23	3,000,000	3,168,752	3,196,197	Huntington Ingalls Industries Inc., Callable	7.12	03-15-21	500,000	508,870	541,412
Crown Castle International Corp., Callable	9.00	01-15-15	300,000	345,943	316,782	Huntsman International LLC	5.50	06-30-16	366,000	347,780	364,882
DaVita Inc., Callable	6.62	11-01-20	500,000	518,493	541,412	IASIS Healthcare LLC / IASIS Capital Corp., Callable	8.38	05-15-19	1,750,000	1,707,379	1,646,639
DaVita Inc., Callable	5.75	08-15-22	1,500,000	1,547,625	1,573,828	Icahn Enterprises L.P. / Icahn Enterprises Finance Corp., Callable	8.00	01-15-18	7,250,000	7,555,263	7,751,213
Del Monte Corp., Callable	7.62	02-15-19	3,250,000	3,214,962	3,373,556	Infor (US) Inc., Callable	9.38	04-01-19	1,000,000	1,023,356	1,117,673
Denbury Resources Inc., Callable	8.25	02-15-20	1,298,000	1,404,205	1,453,971	Interactive Data Corp., Callable	10.25	08-01-18	300,000	320,658	333,062
DineEquity Inc., Callable	9.50	10-30-18	700,000	766,080	791,955	International Lease Finance Corp.	8.75	03-15-17	4,150,000	4,468,004	4,772,639
DISH DBS Corp., Callable	7.88	09-01-19	2,350,000	2,636,385	2,772,776	inVentiv Health Inc., Callable	9.00	01-15-18	125,000	123,144	125,707
DISH DBS Corp., Callable	6.75	06-01-21	3,000,000	2,973,635	3,405,294	Iron Mountain Inc., Callable	5.75	08-15-24	2,000,000	1,995,226	2,016,292
E*TRADE Financial Corp., Callable	6.38	11-15-19	500,000	510,437	510,296	JBS USA LLC / JBS USA Finance Inc., Callable	8.25	02-01-20	1,000,000	1,063,408	1,055,442
						JMC Steel Group, Callable	8.25	03-15-18	1,262,000	1,311,372	1,313,119
						K. Hovnanian Enterprises Inc., Callable	7.25	10-15-20	500,000	537,678	535,189

The accompanying notes are an integral part of the financial statements.

## iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) (continued)

Security	Coupon rate (%)	Maturity date	Par value <sup>(b)</sup>	Average cost (\$)	Fair value (\$)	Security	Coupon rate (%)	Maturity date	Par value <sup>(b)</sup>	Average cost (\$)	Fair value (\$)
<b>United States (continued)</b>						<b>United States (continued)</b>					
Kinder Morgan Finance Co. LLC, Callable	6.00	01-15-18	2,500,000	2,548,665	2,736,042	R.R. Donnelley & Sons Co., Callable	7.25	05-15-18	1,500,000	1,467,199	1,441,276
Kinetic Concepts Inc. / KCI USA Inc., Callable	10.50	11-01-18	2,150,000	2,177,085	2,245,117	Range Resources Corp., Callable	5.00	08-15-22	2,050,000	2,029,177	2,133,038
Laureate Education Inc., Callable	9.25	09-01-19	2,000,000	2,076,204	2,081,013	RBS Global Inc. / Rexnord LLC, Callable	8.50	05-01-18	500,000	501,431	539,545
Lender Processing Services Inc., Callable	5.75	04-15-23	1,000,000	1,030,338	1,033,039	Realogy Corp., Callable	7.88	02-15-19	1,000,000	977,766	1,085,313
Level 3 Financing Inc., Callable	10.00	02-01-18	1,500,000	1,479,673	1,665,308	Regency Energy Partners L.P. / Regency Energy Finance Corp., Callable	5.50	04-15-23	1,500,000	1,587,907	1,594,365
Level 3 Financing Inc., Callable	8.12	07-01-19	1,400,000	1,402,159	1,519,438	Reynolds Group Holdings Ltd., Callable	9.00	04-15-19	1,500,000	1,561,149	1,553,292
Limited Brands Inc., Callable	6.62	04-01-21	2,600,000	2,638,610	2,964,199	Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC, Callable	9.88	08-15-19	2,250,000	2,362,378	2,397,148
LINN Energy LLC / LINN Energy Finance Corp., Callable	8.62	04-15-20	1,100,000	1,165,074	1,193,844	Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC, Callable	5.75	10-15-20	4,000,000	3,982,220	4,112,241
LINN Energy LLC / LINN Energy Finance Corp., Callable	6.25	11-01-19	3,000,000	2,955,117	3,002,036	Rite Aid Corp., Callable	9.25	03-15-20	4,550,000	4,635,998	4,824,913
Manitowoc Co. Inc. (The), Callable	8.50	11-01-20	300,000	314,181	335,302	Rite Aid Corp., Callable	8.00	08-15-20	4,000,000	4,417,042	4,550,349
MarkWest Energy Partners L.P. / MarkWest Energy Finance Corp., Callable	5.50	02-15-23	1,500,000	1,602,747	1,620,502	Rockies Express Pipeline LLC, Callable	5.62	04-15-20	1,500,000	1,331,302	1,467,413
McClatchy Co. (The), Callable	9.00	12-15-22	2,000,000	1,987,300	2,033,717	Rockwood Specialties Group Inc., Callable	4.62	10-15-20	2,500,000	2,546,768	2,576,374
MetroPCS Wireless Inc., Callable	7.88	09-01-18	500,000	522,883	538,923	Rouse Co. LLC (The), Callable	6.75	11-09-15	2,000,000	2,066,866	2,088,481
MGM Resorts International	7.75	03-15-22	3,200,000	3,206,685	3,409,277	RSC Equipment Rental Inc. / RSC Holdings III LLC, Callable	8.25	02-01-21	500,000	519,333	561,326
Michaels Stores Inc., Callable	7.75	11-01-18	300,000	300,116	327,834	Sabre Inc., Callable	8.50	05-15-19	1,000,000	1,062,456	1,060,421
Midstates Petroleum Co. Inc. / Midstates Petroleum Co. LLC, Callable	10.75	10-01-20	1,000,000	1,059,654	1,057,931	Sally Holdings LLC / Sally Capital Inc., Callable	6.88	11-15-19	600,000	645,003	660,149
MolyCorp Inc., Callable	10.00	06-01-20	1,000,000	926,041	926,001	Samson Investment Co., Callable	9.75	02-15-20	3,500,000	3,597,303	3,685,335
Momentive Performance Materials Inc., Callable	8.88	10-15-20	1,500,000	1,508,927	1,508,486	SandRidge Energy Inc., Callable	8.00	06-01-18	800,000	822,580	844,354
Momentive Performance Materials Inc., Callable	9.00	01-15-21	500,000	532,172	363,430	SandRidge Energy Inc., Callable	7.50	03-15-21	3,750,000	3,602,539	3,995,246
NCR Corp., Callable	5.00	07-15-22	1,000,000	1,008,127	1,011,880	Sawgrass Merger Sub Inc., Callable	8.75	12-15-20	750,000	740,062	752,376
Newfield Exploration Co., Callable	5.75	01-30-22	2,000,000	2,119,243	2,190,540	SBA Telecommunications Inc., Callable	5.75	07-15-20	1,500,000	1,580,487	1,586,897
Newfield Exploration Co., Callable	5.62	07-01-24	1,000,000	1,047,485	1,075,356	Sealed Air Corp., Callable	8.38	09-15-21	5,000,000	5,554,615	5,687,936
Nielsen Finance LLC / Nielsen Finance Co., Callable	7.75	10-15-18	3,775,000	3,851,442	4,200,423	Sears Holding Corp., Callable	6.62	10-15-18	5,175,000	4,616,426	4,689,000
NRG Energy Inc., Callable	7.62	01-15-18	1,000,000	1,007,233	1,105,227	Serta Simmons Holdings LLC., Callable	8.12	10-01-20	1,000,000	998,255	995,700
NRG Energy Inc., Callable	8.25	09-01-20	700,000	740,522	780,629	ServiceMaster Co., Callable	7.00	08-15-20	1,500,000	1,493,681	1,497,284
NRG Energy Inc., Callable	7.88	05-15-21	4,000,000	3,928,594	4,420,908	SESI LLC, Callable	7.12	12-15-21	1,500,000	1,654,044	1,661,574
Nuance Communications Inc., Callable	5.38	08-15-20	1,000,000	1,042,282	1,040,506	Shea Homes LP and Shea Homes Funding Corp., Callable	8.62	05-15-19	1,000,000	1,095,736	1,100,248
Nuveen Investments Inc., Callable	9.50	10-15-20	1,500,000	1,516,226	1,486,082	Sirius XM Radio Inc.	8.75	04-01-15	3,400,000	3,689,490	3,833,943
PAETEC Holding Corp., Callable	8.88	06-30-17	250,000	267,690	266,972	Six Flags Entertainment Corp.	5.25	01-15-21	1,000,000	991,820	995,700
Party City Holdings Inc., Callable	8.88	08-01-20	1,000,000	1,069,390	1,067,888	Sprint Nextel Corp.	9.00	11-15-18	5,700,000	6,154,530	7,009,230
PDC Energy Inc., Callable	7.75	10-15-22	500,000	507,919	510,296	Sprint Nextel Corp., Callable	8.38	08-15-17	5,000,000	5,419,395	5,787,506
Peabody Energy Corp., Callable	6.50	09-15-20	2,800,000	2,998,407	2,990,087	SPX Corp., Callable	6.88	09-01-17	2,000,000	2,168,139	2,220,411
Plains Exploration & Production Co., Callable	6.62	05-01-21	500,000	495,429	548,257	Sungard Data Systems Inc., Callable	7.38	11-15-18	1,500,000	1,585,660	1,599,965
Plains Exploration & Production Co., Callable	6.75	02-01-22	1,000,000	1,093,014	1,117,673	SunGard Data Systems Inc., Callable	6.62	11-01-19	1,000,000	1,021,700	1,018,103
Plains Exploration & Production Co., Callable	6.88	02-15-23	1,000,000	1,028,428	1,137,587	Supervalu Inc., Callable	8.00	05-01-16	350,000	361,264	331,941
Ply Gem Industries Inc., Callable	8.25	02-15-18	1,000,000	961,584	1,075,356	Targa Resources Partners L.P. / Targa Resources Partners Finance Corp., Callable	5.25	05-01-23	450,000	451,159	463,747
Post Holdings Inc., Callable	7.38	02-15-22	1,500,000	1,590,591	1,636,371	Tenet Healthcare Corp., Callable	6.25	11-01-18	3,250,000	3,533,360	3,551,537
PQ Corp., Callable	8.75	05-01-18	1,000,000	1,031,115	1,045,485	Tenet Healthcare Corp., Callable	8.88	07-01-19	3,450,000	3,787,584	3,847,385
PVH Corp., Callable	7.38	05-15-20	200,000	206,548	223,286	Terex Corp., Callable	6.00	05-15-21	750,000	795,315	785,981
PVH Corp., Callable	4.50	12-15-22	450,000	445,208	452,546	Toys "R" Us Property Co. I LLC, Callable	10.75	07-15-17	6,815,000	7,574,006	7,311,587
QEP Resources Inc., Callable	6.88	03-01-21	1,300,000	1,412,869	1,491,808	TransDigm Inc., Callable	7.75	12-15-18	1,500,000	1,578,066	1,652,240

The accompanying notes are an integral part of the financial statements.



Security	Coupon rate (%)	Maturity date	Par value <sup>(b)</sup>	Average cost (\$)	Fair value (\$)
<b>United States (continued)</b>					
Tronox Finance LLC, Callable	6.38	08-15-20	2,000,000	1,983,517	2,011,314
United States Steel Corp., Callable	7.38	04-01-20	4,300,000	4,329,223	4,570,512
Univision Communications Inc., Callable	6.75	09-15-22	2,000,000	1,986,633	2,056,120
Univision Communications Inc., Callable	8.50	05-15-21	1,500,000	1,503,623	1,542,090
UR Financing Escrow Corp., Callable	7.62	04-22-22	1,500,000	1,538,434	1,669,042
UR Merger Sub Corp., Callable	8.38	09-15-20	500,000	522,015	551,369
Valeant Pharmaceuticals International Inc., Callable	6.88	12-01-18	1,500,000	1,505,174	1,609,300
Vanguard Health Holding Co. II LLC / Vanguard Holding Co. II Inc., Callable	8.00	02-01-18	700,000	725,619	721,385
VPI Escrow Corp., Callable	6.38	10-15-20	1,500,000	1,596,655	1,601,832
Vulcan Materials Co., Callable	7.50	06-15-21	3,000,000	2,982,037	3,405,294
W&T Offshore Inc., Callable	8.50	06-15-19	750,000	797,099	802,783
West Corp., Callable	7.88	01-15-19	1,000,000	1,019,274	1,030,550
WideOpenWest Finance LLC / WideOpenWest Capital Corp., Callable	10.25	07-15-19	1,000,000	1,050,045	1,057,931
Windstream Corp., Callable	7.88	11-01-17	2,700,000	2,804,840	3,024,439
WMG Acquisition Corp., Callable	6.00	01-15-21	500,000	531,455	525,232
WPX Energy Inc., Callable	6.00	01-15-22	4,097,000	4,209,136	4,395,535
Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., Callable	7.75	08-15-20	3,800,000	4,009,805	4,313,372
				<u>401,816,895</u>	<u>417,877,869</u>
<b>Total Corporate Bonds</b>				<u>470,031,473</u>	<u>487,099,367</u>
<b>Total Investments</b>				<u>470,031,473</u>	<u>487,099,367</u>
<b>Unrealized Depreciation on Forward Currency Contracts (Schedule 1)</b>					<u>(894,716)</u>
<b>Cash and Cash Equivalents</b>					<u>8,929,302</u>
<b>Other Assets, Less Liabilities</b>					<u>7,189,189</u>
<b>Net Assets of BlackRock High Yield Bond Fund</b>					<u>502,323,142</u>
<b>iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) — Common Share Portfolio</b>					<u>(494,450,960)</u>
<b>Fair Value Adjustment <sup>(d)</sup></b>					<u>1,074,734</u>
<b>Accrued Forward Fees</b>					<u>(740,156)</u>
<b>Unrealized Appreciation on Equity Forward Agreement</b>					<u>8,206,760</u>

(a) The equity forward agreement, with an expiration date of January 9, 2015, is entered into with TD Global Finance having a Standard & Poor's credit rating of AA-.

(b) Denominated in U.S. Dollars.

(c) Percentage of Net Assets of the BlackRock High Yield Bond Fund.

(d) Represents the amount to reconcile fair value of investments of the common share portfolio of the Fund and the reference portfolio of the equity forward agreement at bid prices, as required by Canadian GAAP, to close prices per the settlement terms of the equity forward agreement.

## Schedule 1 — Forward Currency Contracts <sup>(e)</sup>

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy	499,310,000	USD	01-04-13	497,170,457	497,173,786	3,329
Buy	1,115,000	USD	01-04-13	1,098,147	1,110,230	12,083
Buy	1,045,000	USD	01-04-13	1,038,726	1,040,529	1,803
Sell	(492,615,000)	USD	01-04-13	(489,646,009)	(490,507,429)	(861,420)
Sell	(3,520,000)	USD	01-04-13	(3,498,715)	(3,504,941)	(6,226)
Sell	(3,335,000)	USD	01-04-13	(3,313,413)	(3,320,732)	(7,319)
Sell	(2,000,000)	USD	01-04-13	(1,979,836)	(1,991,443)	(11,607)
Sell	(758,290)	USD	01-04-13	(755,052)	(755,046)	6
Sell	(499,310,000)	USD	02-05-13	(497,492,512)	(497,517,477)	(24,965)
Sell	(6,671,752)	USD	02-05-13	(6,647,400)	(6,647,800)	(400)
						<u>(894,716)</u>

(e) The forward currency contracts are entered with HSBC Bank PLC having Standard & Poor's credit rating of A-1+, UBS AG and Deutsche Bank AG both having Standard & Poor's credit rating of A-1.

As at December 31, 2011, the investments categorized by sector/investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Energy	23.22
Financial Services	8.31
Health Care	6.47
Industrials	12.37
Information Technology	29.26
Materials	15.67
Unrealized Appreciation on Equity Forward Agreement	3.95
Cash and Cash Equivalents	0.75
<b>Total</b>	<u>100.00</u>

As at December 31, 2011, the investments of the BlackRock High Yield Bond Fund categorized by country/investment type, expressed as a percentage of the BlackRock High Yield Bond Fund's Net Assets, are included in the following table:

Country/Investment Type	Percentage of Net Assets (%)
Exchange-Traded Funds	0.36
Australia	0.45
Canada	1.48
Cayman Islands	2.29
Germany	0.04
Ireland	0.22
Jersey Channel Islands	0.47
Luxembourg	3.75
Netherlands	0.12
Puerto Rico	1.25
Spain	0.36
United Arab Emirates	0.64
United Kingdom	0.76
United States	84.98
Unrealized Depreciation on Forward Currency Contracts	(0.05)
Cash and Cash Equivalents	0.77
Other Assets, Less Liabilities	2.11
<b>Total</b>	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

# iShares Broad Commodity Index Fund (CAD-Hedged)

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$78,141,448	\$42,805,317
Cash and cash equivalents .....	113,635	105,527
Unrealized appreciation on equity forward agreement (Note 2) .....	545,886	2,561,071
<b>Total Assets</b> .....	<u>\$78,800,969</u>	<u>\$45,471,915</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	60,963	34,303
Service fees .....	1,514	1,904
Independent review committee fees .....	114	153
<b>Total Liabilities</b> .....	<u>62,591</u>	<u>36,360</u>
<b>Net Assets</b> .....	<u>\$78,738,378</u>	<u>\$45,435,555</u>
<b>Net Assets</b>		
Common Units .....	\$76,558,050	\$42,655,464
Advisor Class Units .....	2,180,328	2,780,091
<b>Total</b> .....	<u>\$78,738,378</u>	<u>\$45,435,555</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	3,450,000	1,900,000
Advisor Class Units .....	100,000	125,000
<b>Net Assets per Unit</b>		
Common Units .....	\$ 22.19	\$ 22.45
Advisor Class Units .....	\$ 21.80	\$ 22.24

## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Securities lending income (Note 10) .....	\$ 346	\$ —
<b>Total revenue</b> .....	<u>346</u>	<u>—</u>
<b>Expenses</b>		
Management fees (Note 9) .....	398,928	397,416
Service fees (Note 9) .....	21,858	15,975
Independent review committee fees .....	3,878	1,699
Interest and bank charges .....	245	—
Other expenses .....	—	14,917
<b>Total expenses</b> .....	<u>424,909</u>	<u>430,007</u>
<b>Net Investment Loss</b> .....	<u>(424,563)</u>	<u>(430,007)</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	815,538	98,180
Net realized loss on equity forward agreement .....	(259,161)	(219,240)
Net change in unrealized appreciation/depreciation in value of investments .....	189,167	(2,955,071)
Net change in unrealized appreciation/depreciation on equity forward agreement .....	(2,015,185)	1,768,155
<b>Net realized and unrealized loss on investments</b> .....	<u>(1,269,641)</u>	<u>(1,307,976)</u>
<b>Decrease in Net Assets from Operations</b> .....	<u>\$(1,694,204)</u>	<u>\$(1,737,983)</u>
<b>Decrease in Net Assets from Operations</b>		
Common Units .....	\$(1,633,278)	\$(1,630,417)
Advisor Class Units .....	(60,926)	(107,566)
<b>Total</b> .....	<u>\$(1,694,204)</u>	<u>\$(1,737,983)</u>
<b>Decrease in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ (0.85)	\$ (0.87)
Advisor Class Units .....	\$ (0.51)	\$ (1.25)

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> . . .	\$ 45,435,555	\$23,664,374
<b>Decrease in Net Assets from Operations</b> . . . . .	(1,694,204)	(1,737,983)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	63,620,091	33,351,319
Payments for units redeemed . . . . .	(28,623,064)	(9,842,155)
<b>Net capital transactions</b> . . . . .	34,997,027	23,509,164
<b>Increase in Net Assets</b> . . . . .	33,302,823	21,771,181
<b>Net Assets, End of Year</b> . . . . .	\$ 78,738,378	\$45,435,555
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 42,655,464	\$22,539,287
<b>Decrease in Net Assets from Operations</b> . . . . .	(1,633,278)	(1,630,417)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	62,092,489	31,588,749
Payments for units redeemed . . . . .	(26,556,625)	(9,842,155)
<b>Net capital transactions</b> . . . . .	35,535,864	21,746,594
<b>Increase in Net Assets</b> . . . . .	33,902,586	20,116,177
<b>Net Assets, End of Year</b> . . . . .	\$ 76,558,050	\$42,655,464
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> . . .	\$ 2,780,091	\$ 1,125,087
<b>Decrease in Net Assets from Operations</b> . . . . .	(60,926)	(107,566)
<b>Capital Transactions</b>		
Proceeds from issuance of units . . .	1,527,602	1,762,570
Payments for units redeemed . . . . .	(2,066,439)	—
<b>Net capital transactions</b> . . . . .	(538,837)	1,762,570
<b>Increase (Decrease) in Net Assets</b> . . . . .	(599,763)	1,655,004
<b>Net Assets, End of Year</b> . . . . .	\$ 2,180,328	\$ 2,780,091

## Statement of Investments

As at December 31, 2012

### Common Share Portfolio

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 99.25%</b>			
<b>Consumer Discretionary — 20.37%</b>			
Great Canadian Gaming Corp. . . . .	857,881	8,053,779	8,141,291
Martinrea International Inc. . . . .	1,023,465	7,936,443	7,901,150
		15,990,222	16,042,441
<b>Energy — 22.58%</b>			
Athabasca Oil Corp. . . . .	456,965	5,149,996	4,766,145
Legacy Oil + Gas Inc., Class 'A' . . . . .	367,857	2,574,999	2,508,785
MEG Energy Corp. . . . .	153,985	6,395,481	4,684,224
Tourmaline Oil Corp. . . . .	186,992	5,177,225	5,821,061
		19,297,701	17,780,215
<b>Health Care — 18.92%</b>			
Catamaran Corp. . . . .	143,162	6,649,977	6,688,529
Valeant Pharmaceuticals International Inc. . . . .	138,537	7,369,176	8,206,932
		14,019,153	14,895,461
<b>Information Technology — 13.02%</b>			
CGI Group Inc., Class 'A' . . . . .	341,642	7,223,826	7,837,267
Open Text Corp. . . . .	43,620	2,335,261	2,415,676
		9,559,087	10,252,943
<b>Materials — 24.36%</b>			
Aurizon Mines Ltd. . . . .	495,140	2,206,987	1,688,427
Detour Gold Corp. . . . .	237,411	6,071,169	5,909,160
Harry Winston Diamond Corp. . . . .	431,171	6,071,175	5,984,653
Kirkland Lake Gold Inc. . . . .	88,104	1,034,341	512,765
Tahoe Resources Inc. . . . .	279,174	5,648,595	5,075,383
		21,032,267	19,170,388
<b>Total Equities — 99.25%</b> . . . . .		79,898,430	78,141,448
<b>Total Investments — 99.25%</b> . . . . .		79,898,430	78,141,448
<b>Unrealized Appreciation on Equity Forward Agreement (Schedule A) — 0.69%</b> . . . . .			545,886
<b>Cash and Cash Equivalents — 0.14%</b> . . . . .			113,635
<b>Other Assets, Less Liabilities — (0.08)%</b> . . . . .			(62,591)
<b>Net Assets — 100.00%</b> . . . . .			78,738,378

The accompanying notes are an integral part of the financial statements.

## iShares Broad Commodity Index Fund (CAD-Hedged) (continued)

### Schedule A — Equity Forward Agreement (a)

#### Portfolio of BlackRock Broad Commodity Fund

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Short-Term Investments — 91.13% (b)</b>					
<b>Treasury Bills</b>					
Government of Canada	0.81	01-04-13	39,000,000	38,961,900	38,996,997
Government of Canada	0.92	01-14-13	33,000,000	32,979,210	32,988,739
				<u>71,941,110</u>	<u>71,985,736</u>
<b>Total Short-Term Investments — 91.13%</b>				<u>71,941,110</u>	<u>71,985,736</u>
<b>Total Investments — 91.13%</b>				<u>71,941,110</u>	<u>71,985,736</u>
<b>Unrealized Depreciation on Futures Contracts (Schedule 1) — (0.18)%</b>					<u>(144,086)</u>
<b>Cash and Cash Equivalents — 9.05%</b>					<u>7,148,111</u>
<b>Net Assets of BlackRock Broad Commodity Fund — 100.00%</b>					<u>78,989,761</u>
<b>iShares Broad Commodity Index Fund (CAD-Hedged) — Common Share Portfolio</b>					<u>(78,141,448)</u>
<b>Fair Value Adjustment (c)</b>					<u>(222,404)</u>
<b>Accrued Forward Fees</b>					<u>(80,023)</u>
<b>Unrealized Appreciation on Equity Forward Agreement</b>					<u>545,886</u>

(a) The equity forward agreement, with a termination date of January 13, 2015, is entered with National Bank of Canada, having a Standard & Poor's credit rating of A-.

(b) Percentage of Net Assets of the BlackRock Broad Commodity Fund.

(c) Represents the amount to reconcile fair value of investments of the common share portfolio of the Fund and the reference portfolio of the equity forward agreement at bid prices, as required by Canadian GAAP, to close prices per the settlement terms of the equity forward agreement.

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Consumer Discretionary	9.06
Energy	19.30
Health Care	1.70
Industrials	11.14
Information Technology	33.54
Materials	19.47
Unrealized Appreciation on Equity Forward Agreement	5.64
Cash and Cash Equivalents	0.23
Other Assets, Less Liabilities	(0.08)
<b>Total</b>	<u>100.00</u>

As at December 31, 2011, the investments of the BlackRock Broad Commodity Fund categorized by investment type, expressed as a percentage of the BlackRock Broad Commodity Fund's Net Assets, are included in the following table:

Investment Type	Percentage of Net Assets (%)
Treasury Bills	93.52
Unrealized Appreciation on Forward Currency Contracts	0.10
Unrealized Depreciation on Futures Contracts	(0.97)
Cash and Cash Equivalents	7.35
<b>Total</b>	<u>100.00</u>

### Schedule 1 — Futures Contracts

Number of contracts	Futures	Exchange	Expiration date	Notional value (CAD)	Unrealized appreciation (depreciation) (CAD)
<b>Commodity Futures</b>					
72	Brent crude oil	ICE	Mar 2013	7,878,058	124,741
19	Copper	COMEX	Mar 2013	1,727,477	40,438
151	Corn	CBOT	Mar 2013	5,249,119	(467,567)
25	Cotton	ICE	Mar 2013	935,211	(12,944)
76	Gas oil	ICE	Mar 2013	6,994,096	(35,945)
42	Gasoline RBOB	NYMEX	Mar 2013	4,854,028	71,281
41	Heating oil	NYMEX	Mar 2013	5,172,591	39,716
32	Lean hogs	CME	Apr 2013	1,130,797	(36,532)
40	Live cattle	CME	Apr 2013	2,172,617	(15,921)
7	Nickel	LME	Mar 2013	713,314	(12,379)
88	Soybean	CBOT	Mar 2013	6,175,132	(126,127)
29	Soybean meal	CBOT	Mar 2013	1,211,030	(26,472)
47	Soybean oil	CBOT	Mar 2013	1,395,513	16,250
105	Sugar	ICE	Mar 2013	2,284,510	30,445
89	WTI Crude oil	NYMEX	Mar 2013	8,176,718	268,789
18	Zinc	LME	Mar 2013	931,527	(1,859)
<b>Total</b>					<u>(144,086)</u>

The accompanying notes are an integral part of the financial statements.

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# iShares Global Monthly Advantaged Dividend Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5)	\$136,494,332	\$118,693,108
Cash and cash equivalents	661,992	926,687
Receivables:		
Income tax refund	—	329,828
Unrealized appreciation on forward currency contracts (Note 2)	418,886	2,359,361
Unrealized appreciation on equity forward agreement (Note 2)	13,604,221	8,821,420
<b>Total Assets</b>	<b>151,179,431</b>	<b>131,130,404</b>
<b>Liabilities</b>		
Payables:		
Management fees	6,983	6,156
Service fees	12,748	14,421
Independent review committee fees	172	994
Distribution	442,500	459,924
Income tax	—	329,828
Unrealized depreciation on forward currency contracts (Note 2)	342,322	—
<b>Total Liabilities</b>	<b>804,725</b>	<b>811,323</b>
<b>Net Assets</b>	<b>\$150,374,706</b>	<b>\$130,319,081</b>
<b>Net Assets</b>		
Common Units	\$131,990,642	\$111,074,233
Advisor Class Units	18,384,064	18,740,984
Institutional Class Units	—	503,864
<b>Total</b>	<b>\$150,374,706</b>	<b>\$130,319,081</b>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units	8,600,000	7,608,300
Advisor Class Units	1,200,000	1,285,364
Institutional Class Units	—	33,693
<b>Net Assets per Unit</b>		
Common Units	\$ 15.35	\$ 14.60
Advisor Class Units	\$ 15.32	\$ 14.58
Institutional Class Units	\$ —	\$ 14.95

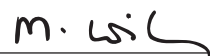
## Statements of Operations

For the years ended December 31

	2012	2011
<b>Revenue</b>		
Interest income	\$ 4,810	\$ —
Miscellaneous income	—	565
Income tax recoverable	—	329,828
<b>Total revenue</b>	<b>4,810</b>	<b>330,393</b>
<b>Expenses</b>		
Equity forward expense	—	180,954
Management fees (Note 9)	79,836	70,230
Service fees (Note 9)	152,997	175,586
Independent review committee fees	1,792	5,657
Interest and bank charges	—	12
Income tax expense	—	329,828
Other expenses	14,004	—
<b>Total expenses</b>	<b>248,629</b>	<b>762,267</b>
<b>Net Investment Loss</b>	<b>(243,819)</b>	<b>(431,874)</b>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized loss on sale of investments	(1,670,042)	(3,059,294)
Net realized gain (loss) on forward currency contracts	6,313,774	(4,491,604)
Net realized loss on foreign exchange transactions	(25,741)	—
Net realized loss on equity forward agreement	(828,522)	(399,809)
Net change in unrealized appreciation/depreciation in value of investments	5,891,957	(23,177,815)
Net change in unrealized appreciation/depreciation in value of forward currency contracts	(2,282,797)	1,301,385
Net change in unrealized appreciation/depreciation on equity forward agreement	4,782,801	22,715,397
<b>Net realized and unrealized gain (loss) on investments</b>	<b>12,181,430</b>	<b>(7,111,740)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>	<b>\$11,937,611</b>	<b>\$ (7,543,614)</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Common Units	\$10,408,236	\$ (6,110,924)
Advisor Class Units	1,497,015	(1,403,511)
Institutional Class Units	32,360	(29,179)
<b>Total</b>	<b>\$11,937,611</b>	<b>\$ (7,543,614)</b>
<b>Increase (Decrease) in Net Assets from Operations per Unit (Note 2)</b>		
Common Units	\$ 1.25	\$ (0.91)
Advisor Class Units	\$ 1.22	\$ (1.04)
Institutional Class Units	\$ 0.96	\$ (0.87)

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012	2011
<b>Net Assets, Beginning of Year</b> .....	\$130,319,081	\$110,415,793
<b>Increase (Decrease) in Net Assets from Operations</b> .....	11,937,611	(7,543,614)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	23,802,108	33,865,873
Payments for units redeemed .....	(10,328,364)	(1,433,016)
<b>Net capital transactions</b> .....	13,473,744	32,432,857
<b>Distributions (Note 7)</b>		
Return of capital .....	(5,355,730)	(4,985,955)
<b>Total distributions</b> .....	(5,355,730)	(4,985,955)
<b>Increase in Net Assets</b> .....	20,055,625	19,903,288
<b>Net Assets, End of Year</b> .....	\$150,374,706	\$130,319,081
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$111,074,233	\$ 87,600,496
<b>Increase (Decrease) in Net Assets from Operations</b> .....	10,408,236	(6,110,924)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	23,434,549	33,865,873
Payments for units redeemed .....	(8,145,129)	—
<b>Net capital transactions</b> .....	15,289,420	33,865,873
<b>Distributions (Note 7)</b>		
Return of capital .....	(4,781,247)	(4,281,212)
<b>Total distributions</b> .....	(4,781,247)	(4,281,212)
<b>Increase in Net Assets</b> .....	20,916,409	23,473,737
<b>Net Assets, End of Year</b> .....	\$131,990,642	\$111,074,233
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 18,740,984	\$ 22,266,855
<b>Increase (Decrease) in Net Assets from Operations</b> .....	1,497,015	(1,403,511)
<b>Capital Transactions</b>		
Proceeds from issuance of units .....	367,559	—
Payments for units redeemed .....	(1,663,655)	(1,432,375)
<b>Net capital transactions</b> .....	(1,296,096)	(1,432,375)
<b>Distributions (Note 7)</b>		
Return of capital .....	(557,839)	(689,985)
<b>Total distributions</b> .....	(557,839)	(689,985)
<b>Decrease in Net Assets</b> .....	(356,920)	(3,525,871)
<b>Net Assets, End of Year</b> .....	\$ 18,384,064	\$ 18,740,984

	2012	2011
<b>Institutional Class Units:</b>		
<b>Net Assets, Beginning of Year</b> .....	\$ 503,864	\$ 548,442
<b>Increase (Decrease) in Net Assets from Operations</b> .....	32,360	(29,179)
<b>Capital Transactions</b>		
Payments for units redeemed .....	(519,580)	(641)
<b>Net capital transactions</b> .....	(519,580)	(641)
<b>Distributions (Note 7)</b>		
Return of capital .....	(16,644)	(14,758)
<b>Total distributions</b> .....	(16,644)	(14,758)
<b>Decrease in Net Assets</b> .....	(503,864)	(44,578)
<b>Net Assets, End of Year</b> .....	\$ —	\$ 503,864

## Statement of Investments

As at December 31, 2012

### Common Share Portfolio

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 90.77%</b>			
<b>Consumer Discretionary — 7.01%</b>			
Great Canadian Gaming Corp. ....	152,954	1,499,513	1,451,533
Martinrea International Inc. ....	1,177,847	8,939,094	9,092,979
		10,438,607	10,544,512
<b>Energy — 21.39%</b>			
Athabasca Oil Corp. ....	382,147	4,841,802	3,985,793
Crew Energy Inc. ....	37,744	514,389	243,449
Legacy Oil + Gas Inc., Class 'A' .....	467,234	3,993,765	3,186,536
MEG Energy Corp. ....	185,475	7,098,545	5,642,150
Tourmaline Oil Corp. ....	374,284	9,843,389	11,651,461
TransGlobe Energy Corp. ....	801,334	9,495,808	7,460,420
		35,787,698	32,169,809
<b>Financial Services — 13.58%</b>			
Dundee Corp., Class 'A' .....	357,238	8,479,721	10,945,772
FirstService Corp. ....	338,184	7,693,140	9,469,152
		16,172,861	20,414,924
<b>Health Care — 9.13%</b>			
Valeant Pharmaceuticals International Inc. ....	231,612	11,714,298	13,720,695
		11,714,298	13,720,695
<b>Industrials — 8.72%</b>			
ATS Automation Tooling Systems Inc. ....	1,499,191	13,197,384	13,117,921
		13,197,384	13,117,921
<b>Information Technology — 10.97%</b>			
CGI Group Inc., Class 'A' .....	250,134	4,037,665	5,738,074
Open Text Corp. ....	194,333	8,544,502	10,762,162
		12,582,167	16,500,236
<b>Materials — 19.97%</b>			
AuRico Gold Inc. ....	557,446	4,466,048	4,520,887
Canfor Corp. ....	335,427	4,045,327	5,561,380

The accompanying notes are an integral part of the financial statements.

## iShares Global Monthly Advantaged Dividend Index Fund (continued)

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Materials (continued)</b>			
Harry Winston Diamond Corp. ....	475,151	6,958,082	6,595,096
Kirkland Lake Gold Inc. ....	136,292	1,649,133	793,219
Tahoe Resources Inc. ....	690,630	11,675,966	12,555,653
		28,794,556	30,026,235
<b>Total Equities — 90.77%</b> .....		128,687,571	136,494,332
<b>Total Investments — 90.77%</b> .....		128,687,571	136,494,332
<b>Unrealized Appreciation on Equity Forward Agreement (Schedule A) — 9.05%</b> .....			13,604,221
<b>Unrealized Appreciation on Forward Currency Contracts (Schedule B) — 0.05%</b> .....			76,564
<b>Other Assets, Less Liabilities — (0.31)%</b> .....			(462,403)
<b>Cash and Cash Equivalents — 0.44%</b> .....			661,992
<b>Net Assets — 100.00%</b> .....			150,374,706

### Schedule A — Equity Forward Agreement (a)

Security	Shares	Fair value (\$)
<b>Reference Portfolio</b>		
<b>Exchange-Traded Funds — 99.08% (b)</b>		
Guggenheim International Multi-Asset Income Index ETF ...	5,407,437	90,596,827
Guggenheim Multi-Asset Income Index ETF .....	2,696,080	58,796,673
		149,393,500
<b>Total Investments — 99.08%</b> .....		149,393,500
<b>Dividends Receivable — 0.92%</b> .....		1,326,361
<b>Total Assets Subject to Forward Agreement — 100.00%</b> .....		150,719,861
<b>iShares Global Monthly Advantaged Dividend Index Fund — Common Share Portfolio</b> .....		136,494,332
<b>Fair Value Adjustment (c)</b> .....		(401,870)
<b>Accrued Forward Fees</b> .....		(219,438)
<b>Unrealized Appreciation on Equity Forward Agreement</b> ..		13,604,221

(a) The equity forward agreement, with a termination date of January 15, 2013, is entered with National Bank of Canada having a Standard & Poor's credit rating of A-.

(b) Percentage of Net Assets of the Reference Portfolio.

(c) Represents the amount to reconcile fair value of investments of the common share portfolio of the Fund at bid prices, as required by Canadian GAAP, to close prices per the settlement terms of the equity forward agreement.

### Schedule B — Forward Currency Contracts (d)

Contract	Face value local	Currency	Settlement date	Cost (CAD)	Fair value (CAD)	Unrealized appreciation (depreciation) (CAD)
Buy ....	147,590,000	USD	01-04-13	146,961,267	146,618,945	(342,322)
Sell ....	(147,255,000)	USD	01-04-13	(146,367,494)	(146,286,149)	81,345
Sell ....	(335,000)	USD	01-04-13	(332,974)	(332,796)	178
Sell ....	(147,590,000)	USD	02-05-13	(147,052,477)	(146,716,396)	336,081
Sell ....	(570,000)	USD	02-05-13	(567,908)	(566,626)	1,282
						76,564

(d) The forward currency contracts are entered with BNP Paribas SA, Credit Suisse First Boston and Deutsche Bank AG, London all having a Standard & Poor's credit rating of A-1.

As at December 31, 2011, the investments categorized by sector/ investment type are included in the following table:

Sector/Investment Type	Percentage of Net Assets (%)
Consumer Discretionary .....	6.01
Energy .....	12.93
Industrials .....	27.03
Information Technology .....	29.33
Materials .....	15.78
Unrealized Appreciation on Equity Forward Agreements .....	6.77
Unrealized Appreciation on Forward Currency Contracts .....	1.81
Cash and Cash Equivalents .....	0.71
Other Assets, Less Liabilities .....	(0.37)
<b>Total</b> .....	<b>100.00</b>

The accompanying notes are an integral part of the financial statements.



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# iShares Managed Futures Index Fund

## Statements of Net Assets

As at December 31

	2012	2011
<b>Assets</b>		
Investments, at fair value (Notes 2 and 5) .....	\$ 4,914,206	\$ —
Cash and cash equivalents .....	29,868	50,000
<b>Total Assets</b> .....	<u>4,944,074</u>	<u>50,000</u>
<b>Liabilities</b>		
Payables:		
Management fees .....	4,344	—
Service fees .....	681	—
Independent review committee fees .....	6	—
Unrealized depreciation on equity forward agreement (Note 2) .....	125,499	—
<b>Total Liabilities</b> .....	<u>130,530</u>	<u>—</u>
<b>Net Assets</b> .....	<u>\$ 4,813,544</u>	<u>\$ 50,000</u>
<b>Net Assets</b>		
Common Units .....	\$ 3,866,507	\$ 50,000
Advisor Class Units .....	947,037	—
<b>Total</b> .....	<u>\$ 4,813,544</u>	<u>\$ 50,000</u>
<b>Number of Units Issued and Outstanding (Note 6)</b>		
Common Units .....	202,500	2,500
Advisor Class Units .....	50,000	—
<b>Net Assets per Unit</b>		
Common Units .....	\$ 19.09	\$ 20.00
Advisor Class Units .....	\$ 18.94	\$ N/A

## Statements of Operations

For the years ended December 31

	2012 <sup>(a)</sup>	2011 <sup>(a)</sup>
<b>Expenses</b>		
Management fees (Note 9) .....	\$ 46,099	\$ —
Service fees (Note 9) .....	7,257	—
Independent review committee fees .....	38	—
<b>Total expenses</b> .....	<u>53,394</u>	<u>—</u>
<b>Net Investment Loss</b> .....	<u>(53,394)</u>	<u>—</u>
<b>Realized and Unrealized Gain (Loss) on Investments</b>		
Net realized gain on sale of investments .....	63,099	—
Net realized loss on equity forward agreement .....	(18,431)	—
Net change in unrealized appreciation/ depreciation in value of investments .....	(102,231)	—
Net change in unrealized appreciation/ depreciation on equity forward agreement .....	(125,499)	—
<b>Net realized and unrealized loss on investments</b> .....	<u>(183,062)</u>	<u>—</u>
<b>Decrease in Net Assets from Operations</b> .....	<u>\$(236,456)</u>	<u>\$ —</u>
<b>Decrease in Net Assets from Operations</b>		
Common Units .....	\$(183,493)	\$ —
Advisor Class Units .....	(52,963)	—
<b>Total</b> .....	<u>\$(236,456)</u>	<u>\$ —</u>
<b>Decrease in Net Assets from Operations per Unit (Note 2)</b>		
Common Units .....	\$ (0.92)	\$ —
Advisor Class Units .....	\$ (1.06)	\$ —

<sup>(a)</sup> The Fund commenced operations on February 10, 2012. Prior to commencement, the Fund did not undertake in any transactions nor offer any securities to the public.

Approved on behalf of the trustee  
BlackRock Asset Management Canada Limited

  
Noel Archard  
Director

  
Mary Anne Wiley  
Director

The accompanying notes are an integral part of the financial statements.



## Statements of Changes in Net Assets

For the years ended December 31

	2012 (a)	2011 (a)
<b>Net Assets, Beginning of Year</b>	\$ 50,000	\$ 50,000
<b>Decrease in Net Assets from Operations</b>	(236,456)	—
<b>Capital Transactions</b>		
Proceeds from issuance of units	5,000,000	—
<b>Net capital transactions</b>	5,000,000	—
<b>Increase in Net Assets</b>	4,763,544	—
<b>Net Assets, End of Year</b>	\$ 4,813,544	\$ 50,000
<b>Common Units:</b>		
<b>Net Assets, Beginning of Year</b>	\$ 50,000	\$ 50,000
<b>Decrease in Net Assets from Operations</b>	(183,493)	—
<b>Capital Transactions</b>		
Proceeds from issuance of units	4,000,000	—
<b>Net capital transactions</b>	4,000,000	—
<b>Increase in Net Assets</b>	3,816,507	—
<b>Net Assets, End of Year</b>	\$ 3,866,507	\$ 50,000
<b>Advisor Class Units:</b>		
<b>Net Assets, Beginning of Year</b>	\$ —	\$ —
<b>Decrease in Net Assets from Operations</b>	(52,963)	—
<b>Capital Transactions</b>		
Proceeds from issuance of units	1,000,000	—
<b>Net capital transactions</b>	1,000,000	—
<b>Increase in Net Assets</b>	947,037	—
<b>Net Assets, End of Year</b>	\$ 947,037	\$ —

(a) The Fund commenced operations on February 10, 2012. Prior to commencement, the Fund did not undertake in any transactions nor offer any securities to the public.

## Statement of Investments

As at December 31, 2012

### Common Share Portfolio

Security	Shares	Average cost (\$)	Fair value (\$)
<b>Equities — 102.09%</b>			
<b>Consumer Discretionary — 7.13%</b>			
Martinrea International Inc.	44,483	414,582	343,409
		414,582	343,409
<b>Energy — 25.58%</b>			
Legacy Oil + Gas Inc., Class 'A'	22,281	239,966	151,956
MEG Energy Corp.	5,913	239,950	179,873
Tourmaline Oil Corp.	16,758	414,593	521,677
TransGlobe Energy Corp.	40,566	414,585	377,669
		1,309,094	1,231,175
<b>Financial Services — 19.94%</b>			
Dundee Corp., Class 'A'	17,332	414,581	531,052
FirstService Corp.	15,313	479,909	428,764
		894,490	959,816
<b>Health Care — 22.96%</b>			
Catamaran Corp.	12,697	391,956	593,204
Valeant Pharmaceuticals International Inc.	8,644	414,566	512,071
		806,522	1,105,275
<b>Information Technology — 6.45%</b>			
Research In Motion Ltd.	26,339	414,576	310,273
		414,576	310,273
<b>Materials — 20.03%</b>			
Aurizon Mines Ltd.	80,502	414,585	274,512
Detour Gold Corp.	13,132	347,998	326,855
Tahoe Resources Inc.	19,961	414,590	362,891
		1,177,173	964,258
<b>Total Equities — 102.09%</b>		5,016,437	4,914,206
<b>Total Investments — 102.09%</b>		5,016,437	4,914,206
<b>Unrealized Depreciation on Equity Forward Agreement (Schedule A) — (2.61)%</b>			
			(125,499)
<b>Cash and Cash Equivalents — 0.62%</b>			
			29,868
<b>Other Assets, Less Liabilities — (0.10)%</b>			
			(5,031)
<b>Net Assets — 100.00%</b>			4,813,544

The accompanying notes are an integral part of the financial statements.

# iShares Managed Futures Index Fund (continued)

## Schedule A — Equity Forward Agreement (a)

### Portfolio of BlackRock Managed Futures Fund

Security	Coupon rate (%)	Maturity date	Par value	Average cost (\$)	Fair value (\$)
<b>Short-Term Investments — 83.20% (b)</b>					
<b>Treasury Bills — 83.20%</b>					
Government of Canada	0.91	01-04-13	2,000,000	1,997,800	1,999,847
Government of Canada	0.92	01-14-13	2,000,000	1,998,740	1,999,318
				<u>3,996,540</u>	<u>3,999,165</u>
<b>Total Short-Term Investments — 83.20%</b>				<u>3,996,540</u>	<u>3,999,165</u>
<b>Total Investments — 83.20%</b>				<u>3,996,540</u>	<u>3,999,165</u>
<b>Unrealized Depreciation on Futures Contracts (Schedule 1) — (0.58)%</b>					<u>(28,127)</u>
<b>Cash and Cash Equivalents — 17.38%</b>					<u>835,377</u>
<b>Net Assets of BlackRock Managed Futures Fund — 100.00%</b>					<u>4,806,415</u>
<b>iShares Managed Futures Index Fund — Common Share Portfolio</b>					<u>(4,914,206)</u>
<b>Fair Value Adjustment (c)</b>					<u>(10,393)</u>
<b>Accrued Forward Fees</b>					<u>(7,315)</u>
<b>Unrealized Depreciation on Equity Forward Agreement</b>					<u>(125,499)</u>

- (a) The equity forward agreement, with a termination date of February 10, 2017, is entered with National Bank of Canada, having a Standard & Poor's credit rating of A-.
- (b) Percentage of Net Assets of the BlackRock Managed Futures Fund.
- (c) Represents the amount to reconcile fair value of investments of the common share portfolio of the Fund and the reference portfolio of the equity forward agreement at bid prices, as required by Canadian GAAP, to close prices per the settlement terms of the equity forward agreement.

## Schedule 1 — Futures Contracts

Number of contracts	Futures	Exchange	Expiration date	Notional value (CAD)	Unrealized appreciation (depreciation) (CAD)
<b>Long Contracts</b>					
<b>Bond Futures</b>					
16	U.S. 2 Year Treasury Note	CBOT	Mar 2013	3,512,332	996
14	U.S. 5 Year Treasury Note	CBOT	Mar 2013	1,734,307	(1,295)
8	U.S. 10 Year Treasury Note	CBOT	Mar 2013	1,057,682	(3,811)
3	U.S. Treasury Bond	CBOT	Mar 2013	440,597	(6,138)
					<u>(10,248)</u>
<b>Commodity Futures</b>					
2	Corn	CBOT	Mar 2013	69,525	(4,808)
1	Gasoline RBOB	NYMEX	Feb 2013	115,493	4,511
3	Natural Gas	NYMEX	Feb 2013	100,098	(2,557)
1	Soybeans	CBOT	Mar 2013	70,172	(3,034)
2	Wheat	CBOT	Mar 2013	77,465	(12,032)
					<u>(17,920)</u>
<b>Currency Futures</b>					
24	90 Day Eurodollar	CME-IMM	Jun 2013	5,954,784	597
9	Australian Dollar	CME-IMM	Mar 2013	925,254	(14,677)
11	British Pound	CME-IMM	Mar 2013	1,111,699	(2,530)
10	Canadian Dollar	CME-IMM	Mar 2013	999,384	(9,293)
					<u>(25,903)</u>
<b>Equity Index Futures</b>					
6	U.S. Dow Jones E-Mini Index	CBOT	Mar 2013	389,130	(4,538)
2	U.S. NASDAQ 100 E-Mini Index	CME-IOM	Mar 2013	105,753	(650)
4	U.S. Russell 2000 E-Mini Index	ICE	Mar 2013	337,184	5,964
5	U.S. S&P 500 E-Mini Index	CME-IOM	Mar 2013	353,474	(1,161)
3	U.S. S&P MidCap 400 E-Mini Index	CME-IOM	Mar 2013	304,117	2,597
					<u>2,212</u>
<b>Total Long Contracts</b>					<u>(51,859)</u>
<b>Short Contracts</b>					
<b>Commodity Futures</b>					
(4)	Coffee	ICE	Mar 2013	(214,772)	19,178
(3)	Copper	COMEX	Mar 2013	(272,760)	(14,989)
(8)	Cotton	ICE	Mar 2013	(299,268)	(17,601)
(1)	Heating Oil	NYMEX	Feb 2013	(126,788)	(3,123)
(5)	Live Cattle	CME	Feb 2013	(263,462)	(7,257)
(1)	Silver	COMEX	Mar 2013	(150,485)	(296)
(11)	Sugar	ICE	Feb 2013	(239,330)	11,411
(2)	WTI Crude Oil	NYMEX	Feb 2013	(182,850)	(9,115)
					<u>(21,792)</u>
<b>Currency Futures</b>					
(7)	Japanese Yen	CME-IMM	Mar 2013	(1,006,279)	45,524
					<u>45,524</u>
<b>Total Short Contracts</b>					<u>23,732</u>
<b>Total</b>					<u>(28,127)</u>

The accompanying notes are an integral part of the financial statements.

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## Notes to Financial Statements

### For the Periods Ended December 31, 2012 and 2011

#### 1. The iShares Funds

The iShares exchange-traded funds (each, a “Fund,” collectively, the “Funds”) are open-ended unit trusts formed on the dates as noted in the table below. The iShares Broad Commodity Index Fund (CAD-Hedged) and iShares Managed Futures Index Fund are exchange-traded commodity pools. The iShares Gold Bullion Fund and iShares Silver Bullion Fund are governed under the laws of Ontario pursuant to an amended and restated declaration of trust dated November 1, 2012. The iShares Canadian Financial Monthly Income Fund is governed under the laws of Ontario pursuant to an amended and restated declaration of trust dated November 9, 2012. The iShares Broad Commodity Index Fund (CAD-Hedged) is governed under the laws of Alberta pursuant to an amended and restated master declaration of trust dated October 24, 2012. The remainder of the Funds are governed under the laws of Ontario pursuant to an amended and restated master declaration of trust dated October 24, 2012 (“Declarations of Trust”). The common units (“Common Units”) and advisor class units (“Advisor Class Units”), as applicable, of the Funds are listed on the Toronto Stock Exchange (“TSX”). As of December 31, 2012, there are no unitholders in the Institutional class units of the Funds.

Fund name	TSX ticker symbol	Formation date	Date of commencement
<b>Canadian Equity Funds</b>			
<i>iShares Canadian Fundamental Index Fund</i> (formerly Claymore Canadian Fundamental Index ETF)			
Common Units	CRQ	February 15, 2006	February 22, 2006
Advisor Class Units	CRQ.A	February 15, 2006	September 8, 2006
Institutional Class Units	n/a	February 15, 2006	April 25, 2008
<i>iShares Equal Weight Banc &amp; Lifeco Fund</i> (formerly Claymore Equal Weight Banc & Lifeco ETF)			
Common Units	CEW	April 30, 2007	February 6, 2008
Advisor Class Units	CEW.A	April 30, 2007	May 16, 2007
<i>iShares Oil Sands Index Fund</i> (formerly Claymore Oil Sands Sector ETF)			
Common Units	CLO	August 15, 2006	October 26, 2006
Advisor Class Units	CLO.A	August 15, 2006	October 26, 2006
<i>iShares S&amp;P/TSX Canadian Dividend Aristocrats Index Fund</i> (formerly Claymore S&P/TSX Canadian Dividend ETF)			
Common Units	CDZ	August 15, 2006	September 8, 2006
Advisor Class Units	CDZ.A	August 15, 2006	September 8, 2006
Institutional Class Units	n/a	August 15, 2006	April 25, 2008
<i>iShares S&amp;P/TSX Canadian Preferred Share Index Fund</i> (formerly Claymore S&P/TSX CDN Preferred Share ETF)			
Common Units	CPD	April 5, 2007	April 10, 2007
Advisor Class Units	CPD.A	April 5, 2007	April 10, 2007
<b>Canadian Fixed Income Funds</b>			
<i>iShares 1-5 Year Laddered Corporate Bond Index Fund</i> (formerly Claymore 1-5 Yr Laddered Corporate Bond ETF)			
Common Units	CBO	November 24, 2008	February 25, 2009
Advisor Class Units	CBO.A	November 24, 2008	February 25, 2009
<i>iShares 1-5 Year Laddered Government Bond Index Fund</i> (formerly Claymore 1-5 Yr Laddered Government Bond ETF)			
Common Units	CLF	November 27, 2007	January 31, 2008
Advisor Class Units	CLF.A	November 27, 2007	January 31, 2008
<i>iShares 1-10 Year Laddered Corporate Bond Index Fund</i> (formerly Claymore 1-10 Yr Laddered Corporate Bond ETF)			
Common Units	CBH	May 12, 2011	October 20, 2011
Advisor Class Units	CBH.A	May 12, 2011	October 20, 2011
<i>iShares 1-10 Year Laddered Government Bond Index Fund</i> (formerly Claymore 1-10 Yr Laddered Government Bond ETF)			
Common Units	CLG	May 12, 2011	October 20, 2011
Advisor Class Units	CLG.A	May 12, 2011	October 20, 2011

<b>Fund name</b>	<b>TSX ticker symbol</b>	<b>Formation date</b>	<b>Date of commencement</b>
<b>Canadian Fixed Income Funds (continued)</b>			
<i>iShares Premium Money Market Fund</i> (formerly Claymore Premium Money Market ETF)			
Common Units .....	CMR	November 27, 2007	February 19, 2008
Advisor Class Units .....	CMR.A	November 27, 2007	February 19, 2008
<b>International Equity Funds</b>			
<i>iShares Broad Emerging Markets Fund</i> (formerly Claymore Broad Emerging Markets ETF)			
Common Units .....	CWO	July 15, 2007	April 7, 2009
Advisor Class Units .....	CWO.A	July 15, 2007	April 7, 2009
<i>iShares China All-Cap Index Fund</i> (formerly Claymore China ETF)			
Common Units .....	CHI	June 30, 2010	August 5, 2010
Advisor Class Units .....	CHI.A	June 30, 2010	August 5, 2010
<i>iShares Global Agriculture Index Fund</i> (formerly Claymore Global Agriculture ETF)			
Common Units .....	COW	November 27, 2007	December 19, 2007
Advisor Class Units .....	COW.A	November 27, 2007	December 19, 2007
Institutional Class Units .....	n/a	November 27, 2007	April 25, 2008
<i>iShares Global Infrastructure Index Fund</i> (formerly Claymore Global Infrastructure ETF)			
Common Units .....	CIF	July 15, 2007	August 27, 2008
Advisor Class Units .....	CIF.A	July 15, 2007	August 27, 2008
<i>iShares Global Real Estate Index Fund</i> (formerly Claymore Global Real Estate ETF)			
Common Units .....	CGR	July 15, 2007	August 26, 2008
Advisor Class Units .....	CGR.A	July 15, 2007	August 26, 2008
<i>iShares International Fundamental Index Fund</i> (formerly Claymore International Fundamental Index ETF)			
Common Units .....	CIE	August 15, 2006	February 14, 2007
Advisor Class Units .....	CIE.A	August 15, 2006	February 14, 2007
Institutional Class Units .....	n/a	August 15, 2006	April 25, 2008
<i>iShares S&amp;P Global Water Index Fund</i> (formerly Claymore S&P Global Water ETF)			
Common Units .....	CWW	April 5, 2007	June 4, 2007
Advisor Class Units .....	CWW.A	April 5, 2007	June 4, 2007
Institutional Class Units .....	n/a	April 5, 2007	April 25, 2008
<i>iShares S&amp;P/TSX Global Mining Index Fund</i> (formerly Claymore S&P/TSX Global Mining ETF)			
Common Units .....	CMW	June 7, 2007	June 12, 2007
Advisor Class Units .....	CMW.A	June 7, 2007	June 12, 2007
<b>Currency Hedged International Equity Funds</b>			
<i>iShares BRIC Index Fund</i> (formerly Claymore BRIC ETF)			
Common Units .....	CBQ	August 15, 2006	September 8, 2006
Advisor Class Units .....	CBQ.A	August 15, 2006	September 8, 2006
Institutional Class Units .....	n/a	August 15, 2006	April 25, 2008
<i>iShares Japan Fundamental Index Fund (CAD-Hedged)</i> (formerly Claymore Japan Fundamental Index ETF-C\$ Hedged)			
Common Units .....	CJP	August 15, 2006	February 14, 2007
Advisor Class Units .....	CJP.A	August 15, 2006	February 14, 2007
<i>iShares S&amp;P US Dividend Growers Index Fund (CAD-Hedged)</i> (formerly Claymore S&P US Dividend Growers ETF)			
Common Units .....	CUD	May 12, 2011	September 13, 2011
Advisor Class Units .....	CUD.A	May 12, 2011	September 13, 2011

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

<b>Fund name</b>	<b>TSX ticker symbol</b>	<b>Formation date</b>	<b>Date of commencement</b>
<b>Currency Hedged International Equity Funds (continued)</b>			
<i>iShares US Fundamental Index Fund</i> (formerly <i>Claymore US Fundamental Index ETF</i> )			
CAD-hedged Common Units	CLU	August 15, 2006	September 8, 2006
CAD-hedged Advisor Class Units	CLU.A	August 15, 2006	September 8, 2006
CAD-hedged Institutional Class Units	n/a	August 15, 2006	April 25, 2008
Non-hedged Common Units	CLU.C	August 15, 2006	April 7, 2009
Non-hedged Advisor Class Units	CLU.B	August 15, 2006	April 7, 2009
Non-hedged Institutional Class Units	n/a	August 15, 2006	April 7, 2009
<b>Bullion Funds</b>			
<i>iShares Gold Bullion Fund</i> (formerly <i>Claymore Gold Bullion ETF</i> )			
Hedged Units	CGL	May 19, 2009	May 28, 2009
Non-hedged Units	CGL.C	May 19, 2009	March 31, 2011
<i>iShares Silver Bullion Fund</i> <sup>(a)</sup> (formerly <i>Claymore Silver Bullion Trust</i> )			
Hedged Units	SVR	June 29, 2009	July 15, 2009
Non-hedged Units	SVR.C	February 25, 2011	March 4, 2011
<b>Multi-Asset Class Funds</b>			
<i>iShares Balanced Growth CorePortfolio™ Fund</i> (formerly <i>Claymore Balanced Growth CorePortfolio™ ETF</i> )			
Common Units	CBN	April 5, 2007	June 21, 2007
Advisor Class Units	CBN.A	April 5, 2007	June 21, 2007
<i>iShares Balanced Income CorePortfolio™ Fund</i> (formerly <i>Claymore Balanced Income CorePortfolio™ ETF</i> )			
Common Units	CBD	April 5, 2007	June 21, 2007
Advisor Class Units	CBD.A	April 5, 2007	June 21, 2007
<i>iShares Canadian Financial Monthly Income Fund</i> (formerly <i>Claymore Canadian Financial Monthly Income ETF</i> )			
Common Units	FIE	July 27, 2005	April 16, 2010
Advisor Class Units	FIE.A	July 27, 2005	August 16, 2005
<b>Advantaged Funds</b>			
<i>iShares Advantaged Canadian Bond Index Fund</i> (formerly <i>Claymore Advantaged Canadian Bond ETF</i> )			
Common Units	CAB	January 23, 2009	November 19, 2009
Advisor Class Units	CAB.A	January 23, 2009	November 19, 2009
<i>iShares Advantaged Convertible Bond Index Fund</i> (formerly <i>Claymore Advantaged Convertible Bond ETF</i> )			
Common Units	CVD	June 7, 2011	June 14, 2011
Advisor Class Units	CVD.A	June 7, 2011	June 14, 2011
<i>iShares Advantaged Short Duration High Income Fund</i> (formerly <i>Claymore Advantaged Short Duration High Income ETF</i> )			
U.S. \$ Common Units	CSD.U	February 24, 2011	May 19, 2011
U.S. \$ Advisor Class Units	CSD.V	February 24, 2011	May 19, 2011
CAD-hedged Common Units	CSD	February 24, 2011	March 1, 2011
CAD-hedged Advisor Class Units	CSD.A	February 24, 2011	March 1, 2011
<i>iShares Advantaged U.S. High Yield Bond Index Fund</i> (CAD-Hedged) (formerly <i>Claymore Advantaged High Yield Bond ETF</i> )			
Common Units	CHB	January 23, 2009	January 11, 2010
Advisor Class Units	CHB.A	January 23, 2009	January 11, 2010
<i>iShares Broad Commodity Index Fund (CAD-Hedged)</i> <sup>(b)</sup> (formerly <i>Claymore Broad Commodity ETF</i> )			
Common Units	CBR	June 3, 2010	October 13, 2010
Advisor Class Units	CBR.A	June 3, 2010	October 13, 2010



<b>Fund name</b>	<b>TSX ticker symbol</b>	<b>Formation date</b>	<b>Date of commencement</b>
<b>Advantaged Funds</b> (continued)			
<i>iShares Global Monthly Advantaged Dividend Index Fund</i> (formerly <i>Claymore Global Monthly Advantaged Dividend ETF</i> )			
Common Units .....	CYH	February 15, 2006	January 15, 2008
Advisor Class Units .....	CYH.A	February 15, 2006	January 15, 2008
Institutional Class Units .....	n/a	February 15, 2006	December 31, 2008
<i>iShares Managed Futures Index Fund</i> (formerly <i>Claymore Managed Futures ETF</i> )			
Common Units .....	CMF	June 3, 2010	February 10, 2012
Advisor Class Units .....	CMF.A	February 10, 2012	February 10, 2012

<sup>(a)</sup> Effective November 5, 2012, BlackRock Silver Bullion Trust (formerly the Claymore Silver Bullion Trust) converted from a closed-end fund into an exchange-traded fund and was renamed “iShares Silver Bullion Fund” (the “Conversion”). Upon Conversion, the ticker symbol for the Hedged Units on the TSX was changed to “SVR” (formerly “SVR.UN”) while the ticker for the Non-hedged Units remained unchanged. See Note 6 for further discussion.

<sup>(b)</sup> On November 30, 2012 iShares Broad Commodity Index Fund (CAD-Hedged) completed its merger with iShares Natural Gas Commodity Index Fund. See Note 6 for further discussion.

The Statements of Net Assets are as at December 31, 2012 and 2011, as applicable, and the Statements of Operations, Statements of Changes in Net Assets and Statements of Cash Flows, as applicable, are for the years then ended, except for the Funds established during either year, in which case the information provided for the year of inception relates to the period from commencement to December 31.

BlackRock Asset Management Canada Limited (“BlackRock Canada”) is the trustee and manager of the Funds and is responsible for the day-to-day administration of the Funds. Effective January 14, 2013, the Funds changed custodian from CIBC Mellon Global Securities Services Company to State Street Trust Company Canada.

Effective January 14, 2013, the Funds changed transfer agent and registrar from Equity Financial Trust Company to State Street Trust Company Canada.

### **BlackRock transaction**

On January 11, 2012, Claymore Investments, Inc. (“Claymore”), the manager of the Funds, announced that BlackRock, Inc. (“BlackRock”) entered into a definitive agreement with subsidiaries of Guggenheim Partners, LLC (“Guggenheim”) to acquire all of Guggenheim’s interest in Claymore (the “Transaction”). The Transaction closed on March 7, 2012.

As a result of the Transaction, Claymore became an indirect, wholly-owned subsidiary of BlackRock. Following completion of the Transaction, Claymore continued under the laws of the Province of Alberta and, effective March 16, 2012, amalgamated with BlackRock Canadian Acquisition Company ULC to become “BlackRock Investments Canada Inc.”

### **Amalgamation**

Effective December 1, 2012, BlackRock Investments Canada Inc. amalgamated with its Canadian affiliate, BlackRock Asset Management Canada Limited. The amalgamated company continued under the name “BlackRock Asset Management Canada Limited”. The Amalgamation resulted in the election and appointment of new directors and officers of BlackRock Canada effective as of December 1, 2012.

### **Sub-adviser**

In connection with the Transaction, BlackRock Canada appointed its affiliate, BlackRock Institutional Trust Company, N.A. (“BTC”), as sub-adviser to the investment funds managed by BlackRock Canada. To effect this appointment, BlackRock Canada developed a transition plan to transfer the sub-advisory

## Notes to Financial Statements (continued)

### For the Periods Ended December 31, 2012 and 2011

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duties from Guggenheim Funds Investment Advisors, LLC, an indirect wholly-owned subsidiary of Guggenheim, to BTC (the “Transition”). The Transition was completed on July 16, 2012.

Guggenheim Investment Management, LLC (“GIM”) acts as the investment sub-advisor in respect of the portfolio to which the iShares Advantaged Short Duration High Income Fund is exposed pursuant to an agreement between BlackRock Canada and GIM.

The iShares Broad Commodity Index Fund (CAD-Hedged) received investment sub-advising service from Auspice Capital Advisors Ltd. (“Auspice”) in respect of the index portfolio to which the Fund has exposure. Auspice was terminated as a sub-adviser effective as of November 30, 2012.

#### Independent review committee

Upon completion of the Transaction, the members of the Independent Review Committee (“IRC”) for the Funds ceased to be members by operation of law. As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds*, BlackRock Canada has re-constituted an 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.

#### International Financial Reporting Standards

The Funds will be required to adopt International Financial Reporting Standards (“IFRS”) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2014. BlackRock Canada has developed a changeover plan to meet the current timetable published by the Canadian Institute of Chartered Accountants for the changeover of Canadian generally accepted accounting principles (“Canadian GAAP”) to IFRS.

In May 2011, the International Accounting Standards Board (“IASB”) issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It only applies when other IFRSs require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in eliminating the difference between the net asset value per unit and net assets per unit under the current Canadian GAAP.

In October 2012, the IASB issued *Investment Entities* (Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and International Accounting Standards 27 *Separate Financial Statements*) which define an investment entity and introduce an exception to consolidation requirements for investment entities. It also allows an investment entity to measure particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. The amendments also set out new disclosure requirements for investment entities applying this exception. The Funds are required to apply the amendments, if applicable, for interim and annual periods beginning on and after January 1, 2014.

BlackRock Canada has determined that there will likely be no material impact to the net asset value per unit from the changeover to IFRS. This current assessment may change if new standards are issued or if interpretations of existing standards are revised. The impact of IFRS on accounting policies and implementation decisions will mainly be in the additional information disclosures in the notes to financial statements and modified presentation and/or additional schedules which may have to be included. As a result of the IFRS changeover, the Funds will be required to present a statement of cash flows.

## Currency legend

Currency codes used throughout this report:

<u>Currency code</u>	<u>Description</u>	<u>Currency code</u>	<u>Description</u>
AUD . . . . .	Australian Dollar	MXN . . . . .	Mexican Peso
BRL . . . . .	Brazilian Real	NZD . . . . .	New Zealand Dollar
GBP . . . . .	British Pound	NOK . . . . .	Norwegian Krone
CAD . . . . .	Canadian Dollar	PLN . . . . .	Polish Zloty
CZK . . . . .	Czech Koruna	SGD . . . . .	Singapore Dollar
DKK . . . . .	Danish Krone	ZAR . . . . .	South African Rand
EUR . . . . .	Euro	KRW . . . . .	South Korean Won
HKD . . . . .	Hong Kong Dollar	SEK . . . . .	Swedish Krona
HUF . . . . .	Hungarian Forint	CHF . . . . .	Swiss Franc
IDR . . . . .	Indonesian Rupiah	THB . . . . .	Thai Baht
ILS . . . . .	Israeli Shekel	TRY . . . . .	Turkish Lira
JPY . . . . .	Japanese Yen	USD . . . . .	United States Dollar
MYR . . . . .	Malaysian Ringgit		

## 2. Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian GAAP, include estimates and assumptions made by BlackRock Canada that may affect the reported amounts of assets, liabilities, income, expense and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Funds.

### Valuation of investments

All investments held by the Funds have been categorized as held for trading and are stated at fair value. See Note 5 for additional disclosures on fair value measurement.

Investments at fair value for financial statement purposes are determined as follows:

- Securities listed on a recognized public stock exchange are valued at their bid prices for long positions and at their ask prices for short positions on the valuation date by sources independent of BlackRock Canada.
- Fixed income securities are valued at their bid quotations for long positions and at their ask quotations for short positions by sources independent of BlackRock Canada.
- Short-term notes, commercial paper and government bonds or bills with original terms to maturity of less than 90 days are valued on an amortized cost basis, which approximates fair value.
- Collateralized bank loans are valued at their bid quotations for long positions by sources independent of BlackRock Canada.
- Futures contracts are valued at that day's last reported settlement price on the exchange where the contracts are traded.
- Forward currency contracts are valued at the prevailing forward exchange rate for the underlying currencies.

## **Notes to Financial Statements (continued)**

### **For the Periods Ended December 31, 2012 and 2011**

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- Gold bullion is priced according to the London PM fixing price on the valuation date as bid prices are not available. If a London PM fixing price is unavailable, the London AM fixing price is used and if a London AM fixing price is unavailable, the New York 4:00 p.m. gold price is used.
- Silver bullion is valued at its market value based on the “London Silver Fixing” price on the valuation date as bid prices are not available. If there is not a “London Silver Fixing” price on such a date, the New York 4:00 p.m. silver price is used.

Investments in securities having no quoted market values are valued using valuation techniques that include: reference to value of similar instruments, using arm’s length market transactions, discounted cash flow analysis or models as determined by BlackRock Canada.

In situations where, in the opinion of BlackRock Canada, a market quotation for a security is inaccurate, unreliable or not readily available, the security will be stated at its fair value as determined by BlackRock Canada.

The Funds are required to calculate the Net Asset Value per unit for the purposes of the financial statements in accordance with Canadian GAAP. The valuation principles and practices established for the purpose of redemption and purchase of units of the Funds differ from Canadian GAAP primarily with respect to fair valuation of listed securities. Under Canadian GAAP, financial instruments that are quoted in active markets are measured based on the bid price for long positions and the ask price for short positions while, under the valuation principles used for redemption and purchases of units, such securities are valued using the closing price. As a result, the Net Asset Value per unit presented in the financial statements (the “Net Assets per unit”) may differ from the net asset value per unit for the purpose of redemption and purchase of units of the Funds (the “Net Asset Value per unit”). Refer to Note 3 for the comparison between the Net Assets per unit and the Net Asset Value per unit as at December 31, 2012 and 2011.

#### **Cash, cash equivalents and bank overdrafts**

Cash represents cash held by the Funds, cash equivalents are assets that are readily convertible into cash (such as money market holdings, short-term government bonds or bills and commercial papers with original terms to maturity of less than 90 days) and bank overdrafts are short-term borrowings. They are carried at fair value.

#### **Other assets and liabilities**

Accrued interest, dividends / tax reclaim receivables, receivables for capital units issued and investment securities sold, accrued expenses, payables for capital units redeemed, investment securities purchased and distributions payable are recorded at amortized cost or cost in the financial statements. Due to their short-term nature, amortized cost and cost approximate fair value for these assets and liabilities. Loan facility is accounted for at cost plus accrued interest.

#### **Transaction costs**

Transaction costs, such as commissions, incurred in the purchase and sale of securities by the Funds are expensed and are included in Transaction costs in the Statements of Operations.

#### **Investment transactions and income recognition**

Investment transactions are accounted for on a trade date basis. Realized gains and losses from investment transactions are calculated on an average cost basis. The cost of investments represents the

amount paid for each security excluding brokerage commissions and other portfolio transaction costs, where applicable, and is accumulated on an average cost basis. Interest income and expense is recognized on an accrual basis. Dividend income and distributions from underlying funds and income trusts are recognized on the ex-dividend date.

Gold and silver bullion transactions are recorded on a trade date basis. The realized gain or loss on sale of gold and silver investments is calculated with reference to the average cost of the related gold or silver bullion, respectively. Unrealized appreciation (depreciation) on gold and silver investments is the difference between the current fair value of gold and silver investments and the average cost of the gold or silver bullion, respectively.

### **Multi-class allocations**

For each fund, except for the iShares Advantaged Short Duration High Income Fund, the Net Asset Value of a class is based on the fair value of the class' proportionate share of the assets of the Fund, less any liabilities attributable to that class and less that class' proportionate share of the common liabilities and expenses of the Fund. Other income, realized and unrealized gains and losses are allocated to each class of the Fund based on the class' pro-rated share of total Net Asset Value of the Fund. Realized and unrealized gains and losses on forward currency contracts entered into to hedge currency exposure for a CAD-hedged class of units are allocated only to that class.

For the iShares Advantaged Short Duration High Income Fund, the Net Asset Values of each of the U.S. \$ and CAD-hedged classes is based on the fair value of any assets attributable to that class, less any liabilities attributable to that class and less that class' proportionate share of the common liabilities and expenses of the Fund. Realized and unrealized gains and losses specific to each class are allocated to such class, and other income, realized and unrealized gains and losses from common assets and liabilities are allocated to each class of the Fund based on the class' pro rated share of total Net Asset Value of the Fund.

### **Equity forward agreements**

The Advantaged Funds enter into equity forward agreements with various Canadian financial institutions in order to gain tax-advantaged exposure to fixed income securities or derivative commodity portfolios. An equity forward agreement is an obligation to receive a return based on a reference portfolio of fixed income, commodity and /or derivative investments in exchange for a return based on a common share portfolio. The Funds have pledged their common share portfolios as collateral.

The value of an equity forward agreement on a valuation date is equal to the gain or loss that would be realized if, on that date, the equity forward agreement was closed out. On cash settlement, the fair value of the equity forward agreement would equal the difference between the fair value of the securities held in the equity forward agreement's reference portfolio and the value of the common share portfolio held by the Fund, net of accrued contractual expenses, including counterparty fees. The common share securities sold forward and the securities of the reference portfolio are valued at their closing prices on the valuation date for the purpose of determining the value of the forward agreement. The difference in the valuation is recorded in the Statements of Net Assets as the Unrealized appreciation (depreciation) on equity forward agreement. When the equity forward agreements are closed out, downsized or unwound, any gains or losses realized are included in Net realized gain (loss) on equity forward agreement in the Statements of Operations.

The iShares Advantaged Short Duration High Income Fund has entered into two separate equity forward agreements that seek the same investment exposure in order to isolate activity between the U.S. \$

## Notes to Financial Statements (continued)

### For the Periods Ended December 31, 2012 and 2011

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classes and the CAD-hedged classes of units. One equity forward agreement is tied directly to the assets of the U.S. \$ classes and the second to the assets of the CAD-hedged classes. The U.S. \$ classes and CAD-hedged classes are only allocated gains or losses from its respective equity forward agreement.

#### Futures Contracts

The iShares Broad Commodity Index Fund (CAD-Hedged) and the iShares Managed Futures Index Fund each invest indirectly in futures contracts through the reference portfolio of their respective equity forward agreements. A futures contract is an agreement between two parties to buy or sell a security or financial interest, at a specified date, quantity and price. The futures contracts held in the reference portfolios are standardized contracts and are traded on a recognized exchange. Upon entering into a futures contract, the participant is required to maintain with the broker an amount of cash and/or cash equivalents equal to the minimum initial margin requirements of the exchange on which the contract is traded. Pursuant to the contract, the participant agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the fair value of the contracts held.

#### Forward currency contracts

The Currency Hedged International Equity Funds, Bullion Funds and iShares Global Monthly Advantaged Dividend Index Fund enter into forward currency contracts, which are traded over-the-counter, to hedge foreign currency exposure in their respective portfolios. A forward currency contract is an obligation to purchase or sell a currency against another currency, at a future date and price, which has been agreed upon by the two parties (the Fund and the counterparty). The value of a forward currency contract is the gain or loss that would be realized if, on the valuation date, the positions were closed out. The forward currency contract is valued using the relevant exchange rates of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized gains or losses until the contract settlement date. The change in value of forward currency contracts is included in the Statements of Net Assets in Unrealized appreciation on forward currency contracts or Unrealized depreciation on forward currency contracts, and in the Statements of Operations in Net change in unrealized appreciation/depreciation in value of forward currency contracts. When the contract is closed or delivered on the settlement date, any gain or loss is recognized as Net realized gain (loss) from forward currency contracts in the Statements of Operations.

The iShares Advantaged Short Duration High Income Fund (CAD-Hedged), iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) and iShares Broad Commodity Index Fund (CAD-Hedged) each invest indirectly in forward currency contracts through the reference portfolio of their respective equity forward agreements which invest in currency forward contracts to hedge foreign currency exposure.

#### Income taxes

The Funds qualify as mutual fund trusts under the *Income Tax Act* (Canada) ("Act") and, accordingly, are not taxed on that portion of taxable income that is paid to or allocated to unitholders. The Funds may also retain some net capital gains by utilizing the capital gain refund mechanism available to mutual fund trusts without incurring any income taxes.

The Funds have elected December 15 as the taxation year-end as permitted by the Act. In accordance with the Funds' Declaration of Trust, the Funds pay out sufficient income and net capital gains so that they will not be subject to income taxes. As a result, no provision for income taxes has been made in these financial statements.

The Bullion Funds generally treat gains from the disposition of bullion as capital gains, rather than income, as the Funds intend to be long-term passive holders of bullion, and generally disposes of holdings in bullion only for the purposes of meeting redemptions and to pay expenses.

### Translation of foreign currency

Foreign currency amounts are expressed in CAD as follows:

- fair value of investments and other assets and liabilities at the rate of exchange on each valuation date; and
- purchases and sales of investments, investment income and expenses at the rate of exchange prevailing on the respective trade dates of such transactions.

Realized and unrealized foreign currency gains or losses on investments are included in the Statements of Operations in Net realized gain (loss) on sale of investments and Net change in unrealized appreciation/depreciation in value of investments, respectively. Realized and unrealized foreign currency gains or losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statements of Operations in Net realized and unrealized gain (loss) on foreign exchange transactions.

### Increase (decrease) in net assets from operations per unit

Increase (decrease) in net assets from operations per unit is based on the increase (decrease) in net assets from operations by class divided by the weighted average number of units outstanding per class during the period.

### 3. Comparison of Net Asset Value per unit and Net Assets per unit

The primary reason for the difference between the Net Asset Value per unit and Net Assets per unit is described in Note 2.

Fund Name / Unit Class	As at December 31, 2012		As at December 31, 2011	
	Net Asset Value per unit (\$)	Net Assets per unit (\$)	Net Asset Value per unit (\$)	Net Assets per unit (\$)
<i>iShares Canadian Fundamental Index Fund</i>				
Common Units . . . . .	11.88	11.86	11.10	11.08
Advisor Class Units . . . . .	11.86	11.85	11.08	11.07
Institutional Class Units . . . . .	N/A	N/A	11.39	11.38
<i>iShares Equal Weight Banc &amp; Lifeco Fund</i>				
Common Units . . . . .	7.53	7.52	6.49	6.48
Advisor Class Units . . . . .	6.31	6.31	5.64	5.63
<i>iShares Oil Sands Index Fund</i>				
Common Units . . . . .	14.28	14.23	15.49	15.44
Advisor Class Units . . . . .	14.21	14.16	15.44	15.40
<i>iShares S&amp;P/TSX Canadian Dividend Aristocrats Index Fund</i>				
Common Units . . . . .	22.44	22.40	21.27	21.23
Advisor Class Units . . . . .	22.37	22.33	21.21	21.18
Institutional Class Units . . . . .	N/A	N/A	22.53	22.49

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

Fund Name / Unit Class	As at December 31, 2012		As at December 31, 2011	
	Net Asset Value per unit (\$)	Net Assets per unit (\$)	Net Asset Value per unit (\$)	Net Assets per unit (\$)
<i>iShares S&amp;P/TSX Canadian Preferred Share Index Fund</i>				
Common Units	17.22	17.18	17.19	17.13
Advisor Class Units	17.19	17.16	17.18	17.11
<i>iShares 1-5 Year Laddered Corporate Bond Index Fund</i>				
Common Units	20.15	20.11	20.35	20.31
Advisor Class Units	20.14	20.10	20.34	20.31
<i>iShares 1-5 Year Laddered Government Bond Index Fund</i>				
Common Units	19.78	19.77	20.30	20.29
Advisor Class Units	19.76	19.75	20.29	20.28
<i>iShares 1-10 Year Laddered Corporate Bond Index Fund</i>				
Common Units	20.17	20.13	20.14	20.11
Advisor Class Units	20.17	20.12	20.13	20.10
<i>iShares 1-10 Year Laddered Government Bond Index Fund</i>				
Common Units	19.86	19.86	20.19	20.18
Advisor Class Units	19.86	19.85	20.19	20.18
<i>iShares Premium Money Market Fund</i>				
Common Units	50.00	50.00	50.00	50.00
Advisor Class Units	50.00	50.00	50.00	50.00
<i>iShares Broad Emerging Markets Fund</i>				
Common Units	29.95	29.92	27.50	27.45
Advisor Class Units	29.90	29.87	27.34	27.29
<i>iShares China All-Cap Index Fund</i>				
Common Units	18.90	18.88	16.71	16.70
Advisor Class Units	18.55	18.52	16.66	16.66
<i>iShares Global Agriculture Index Fund</i>				
Common Units	22.94	22.91	19.93	19.91
Advisor Class Units	22.67	22.64	19.70	19.68
<i>iShares Global Infrastructure Index Fund</i>				
Common Units	18.00	17.99	17.02	16.99
Advisor Class Units	18.07	18.07	16.98	16.95
<i>iShares Global Real Estate Index Fund</i>				
Common Units	19.60	19.58	15.98	15.95
Advisor Class Units	19.59	19.57	15.94	15.92
<i>iShares International Fundamental Index Fund</i>				
Common Units	12.76	12.74	11.71	11.69
Advisor Class Units	12.81	12.79	11.72	11.70
Institutional Class Units	N/A	N/A	11.94	11.92
<i>iShares S&amp;P Global Water Index Fund</i>				
Common Units	16.84	16.84	14.72	14.70
Advisor Class Units	16.89	16.89	14.70	14.68





Fund Name / Unit Class	As at December 31, 2012		As at December 31, 2011	
	Net Asset Value per unit (\$)	Net Assets per unit (\$)	Net Asset Value per unit (\$)	Net Assets per unit (\$)
<i>iShares S&amp;P/TSX Global Mining Index Fund</i>				
Common Units	17.96	17.89	18.73	18.68
Advisor Class Units	17.99	17.92	18.68	18.63
<i>iShares BRIC Index Fund</i>				
Common Units	24.57	24.44	24.05	23.90
Advisor Class Units	24.65	24.52	23.95	23.80
Institutional Class Units	N/A	N/A	24.58	24.58
<i>iShares Japan Fundamental Index Fund (CAD-Hedged)</i>				
Common Units	7.90	7.89	6.98	6.95
Advisor Class Units	7.83	7.82	7.00	6.98
<i>iShares S&amp;P US Dividend Growers Index Fund (CAD-Hedged)</i>				
Common Units	23.18	23.18	21.37	21.37
Advisor Class Units	23.17	23.17	21.37	21.37
<i>iShares US Fundamental Index Fund</i>				
CAD-hedged Common Units	18.99	18.99	16.68	16.67
CAD-hedged Advisor Class Units	18.90	18.90	16.60	16.59
CAD-hedged Institutional Class Units	N/A	N/A	17.02	17.02
Non-hedged Common Units	15.88	15.88	14.24	14.24
Non-hedged Advisor Class Units	15.83	15.83	14.22	14.21
Non-hedged Institutional Class Units	N/A	N/A	18.97	18.96
<i>iShares Gold Bullion Fund</i>				
Hedged Units	14.87	14.87	14.10	14.10
Non-hedged Units	14.93	14.93	14.52	14.52
<i>iShares Silver Bullion Fund</i>				
Hedged Units	17.44	17.44	16.49	16.49
Non-hedged Units	12.16	12.16	11.75	11.75
<i>iShares Balanced Growth CorePortfolio™ Fund</i>				
Common Units	15.62	15.62	14.54	14.51
Advisor Class Units	15.77	15.77	14.52	14.49
<i>iShares Balanced Income CorePortfolio™ Fund</i>				
Common Units	19.85	19.85	18.94	18.90
Advisor Class Units	19.80	19.80	18.89	18.86
<i>iShares Canadian Financial Monthly Income Fund</i>				
Common Units	6.59	6.58	6.19	6.18
Advisor Class Units	6.40	6.40	6.08	6.07
<i>iShares Advantaged Canadian Bond Index Fund</i>				
Common Units	20.79	20.74	20.85	20.85
Advisor Class Units	20.76	20.72	20.84	20.84
<i>iShares Advantaged Convertible Bond Index Fund</i>				
Common Units	19.68	19.64	19.27	19.27
Advisor Class Units	19.68	19.64	19.27	19.27

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

Fund Name / Unit Class	As at December 31, 2012		As at December 31, 2011	
	Net Asset Value per unit (\$)	Net Assets per unit (\$)	Net Asset Value per unit (\$)	Net Assets per unit (\$)
<i>iShares Advantaged Short Duration High Income Fund</i>				
U.S.\$ Common Units	19.51	19.47	19.11	19.11
U.S.\$ Advisor Class Units	19.49	19.45	19.10	19.10
CAD-hedged Common Units	20.01	19.97	19.40	19.40
CAD-hedged Advisor Class Units	20.00	19.96	19.39	19.39
<i>iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)</i>				
Common Units	21.09	21.04	19.76	19.76
Advisor Class Units	21.06	21.01	19.75	19.75
<i>iShares Broad Commodity Index Fund (CAD-Hedged)</i>				
Common Units	22.25	22.19	22.45	22.45
Advisor Class Units	21.86	21.80	22.24	22.24
<i>iShares Global Monthly Advantaged Dividend Index Fund</i>				
Common Units	15.39	15.35	14.60	14.60
Advisor Class Units	15.36	15.32	14.58	14.58
Institutional Class Units			14.95	14.95
<i>iShares Managed Futures Index Fund</i>				
Common Units	19.14	19.09	20.00	20.00
Advisor Class Units	18.98	18.94	N/A	N/A

**4. Financial instruments**

**Fair value of financial instruments**

The Funds' financial instruments, which are valued at fair value, include investments and derivatives on the Statements of Net Assets.

**Financial instruments risk**

**Strategy in using financial instruments**

The Funds' investment activities expose them to a variety of direct or indirect financial risks: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk. The Funds' overall risk management program focuses on the processes, strategies, and the objectives of each Fund.

- a) Index funds - the overall risk management program focuses on processes and strategies to minimize tracking between each Fund's performance and the performance of the relevant index.
- b) Active funds - the overall risk management program seeks to minimize the potentially adverse effect of risk on each Fund's performance in a manner consistent with their investment objective.
- c) Funds invested in other funds or an equity forward agreement - the level of risk depends on the investment objective of the Fund, and the type of securities in which the Fund invests. The portfolio managers focus on the overall asset allocation strategy of the Funds rather than the exposure of the underlying funds or reference portfolio of the equity forward.

## Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than CAD, which is the Funds' functional and reporting currency. The Funds are exposed to the risk that the value of financial instruments denominated in other currencies will fluctuate due to changes in exchange rates. The tables below indicate the currencies to which certain Funds had exposure as at December 31, 2012 and 2011, with respect to trading financial instruments and cash as well as the underlying principal amount of forward currency contracts. For Funds with both CAD-hedged and non-hedged classes, forward currency contracts are used primarily to minimize the CAD-hedged classes' exposure to currency risk. As a result, for such Funds the net exposure to currency risk in financial instruments, shown below, generally represents the non-hedged classes' exposure to currency risk. The tables below also summarize each Fund's sensitivity to a +/- 5% change in currency exchange rate effect on net assets as at December 31, 2012 and 2011.

### As at December 31, 2012

Fund name/Currency code	Financial instruments and cash (CAD)	Forward currency contracts (CAD)	Net exposure (CAD)	Net exposure as a percentage of net assets (%)	Change in CAD currency (%)	Effect on net assets (CAD)
<i>iShares Canadian Fundamental Index Fund</i>						
USD .....	200,039	—	200,039	0.08	+/- 5	-/+ 10,002
Total .....	200,039	—	200,039	0.08		-/+ 10,002
<i>iShares S&amp;P/TSX Canadian Dividend Aristocrats Index Fund</i>						
USD .....	343,679	—	343,679	0.04	+/- 5	-/+ 17,184
Total .....	343,679	—	343,679	0.04		-/+ 17,184
<i>iShares Broad Emerging Markets Fund</i>						
BRL .....	13,022,548	—	13,022,548	17.07	+/- 5	-/+ 651,127
CZK .....	591,273	—	591,273	0.78	+/- 5	-/+ 29,564
HKD .....	13,385,518	—	13,385,518	17.55	+/- 5	-/+ 669,276
HUF .....	857,902	—	857,902	1.12	+/- 5	-/+ 42,895
IDR .....	1,250,151	—	1,250,151	1.64	+/- 5	-/+ 62,508
MXN .....	2,080,305	—	2,080,305	2.73	+/- 5	-/+ 104,015
MYR .....	2,942,986	—	2,942,986	3.86	+/- 5	-/+ 147,149
PLN .....	2,350,916	—	2,350,916	3.08	+/- 5	-/+ 117,546
THB .....	1,476,631	—	1,476,631	1.94	+/- 5	-/+ 73,832
TRY .....	2,195,084	—	2,195,084	2.88	+/- 5	-/+ 109,754
USD .....	28,354,917	—	28,354,917	37.17	+/- 5	-/+ 1,417,746
ZAR .....	7,753,924	—	7,753,924	10.17	+/- 5	-/+ 387,696
Total .....	76,262,155	—	76,262,155	99.99		-/+ 3,813,108
<i>iShares China All-Cap Index Fund</i>						
USD .....	6,597,766	—	6,597,766	100.00	+/- 5	-/+ 329,888
Total .....	6,597,766	—	6,597,766	100.00		-/+ 329,888
<i>iShares Global Agriculture Index Fund</i>						
USD .....	209,593,920	—	209,593,920	87.45	+/- 5	-/+ 10,479,696
Total .....	209,593,920	—	209,593,920	87.45		-/+ 10,479,696
<i>iShares Global Infrastructure Index Fund</i>						
USD .....	11,306,471	—	11,306,471	78.53	+/- 5	-/+ 565,324
Total .....	11,306,471	—	11,306,471	78.53		-/+ 565,324

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

**As at December 31, 2012**

<u>Fund name/Currency code</u>	<u>Financial instruments and cash (CAD)</u>	<u>Forward currency contracts (CAD)</u>	<u>Net exposure (CAD)</u>	<u>Net exposure as a percentage of net assets (%)</u>	<u>Change in CAD currency (%)</u>	<u>Effect on net assets (CAD)</u>
<i>iShares Global Real Estate Index Fund</i>						
AUD .....	2,735,564	—	2,735,564	9.31	+/- 5	-/+ 136,778
BRL .....	276,696	—	276,696	0.94	+/- 5	-/+ 13,835
CHF .....	169,004	—	169,004	0.58	+/- 5	-/+ 8,450
EUR .....	1,805,439	—	1,805,439	6.15	+/- 5	-/+ 90,272
GBP .....	1,770,491	—	1,770,491	6.03	+/- 5	-/+ 88,525
HKD .....	3,794,885	—	3,794,885	12.92	+/- 5	-/+ 189,744
JPY .....	3,233,746	—	3,233,746	11.01	+/- 5	-/+ 161,687
SEK .....	113,860	—	113,860	0.39	+/- 5	-/+ 5,693
SGD .....	1,201,627	—	1,201,627	4.09	+/- 5	-/+ 60,081
USD .....	13,624,046	—	13,624,046	46.39	+/- 5	-/+ 681,202
Total .....	<u>28,725,358</u>	<u>—</u>	<u>28,725,358</u>	<u>97.81</u>		<u>-/+ 1,436,267</u>
<i>iShares International Fundamental Index Fund</i>						
AUD .....	7,463,729	—	7,463,729	5.30	+/- 5	-/+ 373,186
CHF .....	7,029,263	—	7,029,263	4.99	+/- 5	-/+ 351,463
DKK .....	885,691	—	885,691	0.63	+/- 5	-/+ 44,285
EUR .....	50,164,275	—	50,164,275	35.61	+/- 5	-/+ 2,508,214
GBP .....	27,989,374	—	27,989,374	19.87	+/- 5	-/+ 1,399,469
HKD .....	2,408,111	—	2,408,111	1.71	+/- 5	-/+ 120,406
ILS .....	443,679	—	443,679	0.31	+/- 5	-/+ 22,184
JPY .....	23,350,026	—	23,350,026	16.58	+/- 5	-/+ 1,167,501
KRW .....	6,171,154	—	6,171,154	4.38	+/- 5	-/+ 308,558
NOK .....	1,306,081	—	1,306,081	0.93	+/- 5	-/+ 65,304
NZD .....	132,236	—	132,236	0.09	+/- 5	-/+ 6,612
SEK .....	3,060,084	—	3,060,084	2.17	+/- 5	-/+ 153,004
SGD .....	1,315,218	—	1,315,218	0.93	+/- 5	-/+ 65,761
USD .....	271,106	—	271,106	0.19	+/- 5	-/+ 13,555
Total .....	<u>131,990,026</u>	<u>—</u>	<u>131,990,026</u>	<u>93.69</u>		<u>-/+ 6,599,502</u>
<i>iShares S&amp;P Global Water Index Fund</i>						
CHF .....	2,124,650	—	2,124,650	8.01	+/- 5	-/+ 106,233
EUR .....	4,322,550	—	4,322,550	16.30	+/- 5	-/+ 216,128
GBP .....	5,062,312	—	5,062,312	19.09	+/- 5	-/+ 253,116
HKD .....	938,737	—	938,737	3.54	+/- 5	-/+ 46,937
ILS .....	881,445	—	881,445	3.32	+/- 5	-/+ 44,072
JPY .....	939,630	—	939,630	3.54	+/- 5	-/+ 46,982
SEK .....	1,125,465	—	1,125,465	4.24	+/- 5	-/+ 56,273
SGD .....	131,515	—	131,515	0.50	+/- 5	-/+ 6,576
USD .....	11,014,168	—	11,014,168	41.53	+/- 5	-/+ 550,708
Total .....	<u>26,540,472</u>	<u>—</u>	<u>26,540,472</u>	<u>100.07</u>		<u>-/+ 1,327,025</u>
<i>iShares S&amp;P/TSX Global Mining Index Fund</i>						
USD .....	20,188,285	—	20,188,285	64.48	+/- 5	-/+ 1,009,414
Total .....	<u>20,188,285</u>	<u>—</u>	<u>20,188,285</u>	<u>64.48</u>		<u>-/+ 1,009,414</u>
<i>iShares BRIC Index Fund</i>						
USD .....	209,491,697	(207,404,725)	2,086,972	1.00	+/- 5	-/+ 104,349
Total .....	<u>209,491,697</u>	<u>(207,404,725)</u>	<u>2,086,972</u>	<u>1.00</u>		<u>-/+ 104,349</u>
<i>iShares Japan Fundamental Index Fund (CAD-Hedged)</i>						
JPY .....	10,400,751	(10,428,907)	(28,156)	(0.26)	+/- 5	-/+ (1,408)
Total .....	<u>10,400,751</u>	<u>(10,428,907)</u>	<u>(28,156)</u>	<u>(0.26)</u>		<u>-/+ (1,408)</u>

**As at December 31, 2012**

<b>Fund name/Currency code</b>	<b>Financial instruments and cash (CAD)</b>	<b>Forward currency contracts (CAD)</b>	<b>Net exposure (CAD)</b>	<b>Net exposure as a percentage of net assets (%)</b>	<b>Change in CAD currency (%)</b>	<b>Effect on net assets (CAD)</b>
<i>iShares S&amp;P US Dividend Growers Index Fund (CAD-Hedged)</i>						
USD .....	176,137,038	(174,242,217)	1,894,821	1.08	+/- 5	-/+ 94,741
Total .....	176,137,038	(174,242,217)	1,894,821	1.08		-/+ 94,741
<i>iShares US Fundamental Index Fund</i>						
USD .....	198,310,808	(134,714,632)	63,596,176	32.09	+/- 5	-/+ 3,179,809
Total .....	198,310,808	(134,714,632)	63,596,176	32.09		-/+ 3,179,809
<i>iShares Gold Bullion Fund</i>						
USD .....	608,824,118 <sup>(a)</sup>	(569,656,091)	39,168,027	6.42	+/- 5	-/+ 1,958,401
Total .....	608,824,118	(569,656,091)	39,168,027	6.42		-/+ 1,958,401
<i>iShares Silver Bullion Fund</i>						
USD .....	127,707,275 <sup>(b)</sup>	(100,585,571)	27,121,704	21.25	+/- 5	-/+ 1,356,085
Total .....	127,707,275	(100,585,571)	27,121,704	21.25		-/+ 1,356,085
<i>iShares Canadian Financial Monthly Income Fund</i>						
USD .....	11,364	—	11,364	0.00	+/- 5	+/- 568
Total .....	11,364	—	11,364	0.00		+/- 568
<i>iShares Advantaged Short Duration High Income Fund<sup>(c)</sup></i>						
USD .....	307,255,138	(278,486,631)	28,768,507	9.36	+/- 5	-/+ 1,438,425
Total .....	307,255,138	(278,486,631)	28,768,507	9.36		-/+ 1,438,425
<i>iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)<sup>(c)</sup></i>						
USD .....	503,100,366	(504,920,323)	(1,819,957)	(0.36)	+/- 5	-/+ (90,998)
Total .....	503,100,366	(504,920,323)	(1,819,957)	(0.36)		-/+ (90,998)
<i>iShares Broad Commodity Index Fund (CAD-Hedged)<sup>(c)</sup></i>						
USD .....	(1,869,529)	—	(1,869,529)	(2.37)	+/- 5	-/+ (93,476)
Total .....	(1,869,529)	—	(1,869,529)	(2.37)		-/+ (93,476)
<i>iShares Global Monthly Advantaged Dividend Index Fund<sup>(c)</sup></i>						
USD .....	143,005,913	(147,283,023)	(4,277,110)	(2.84)	+/- 5	-/+ (213,855)
Total .....	143,005,913	(147,283,023)	(4,277,110)	(2.84)		-/+ (213,855)
<i>iShares Managed Futures Index Fund<sup>(c)</sup></i>						
USD .....	(134,786)	—	(134,786)	(2.80)	+/- 5	-/+ (6,739)
Total .....	(134,786)	—	(134,786)	(2.80)		-/+ (6,739)

**As at December 31, 2011**

<b>Fund name/Currency code</b>	<b>Financial instruments and cash (CAD)</b>	<b>Forward currency contracts (CAD)</b>	<b>Net exposure (CAD)</b>	<b>Net exposure as a percentage of net assets (%)</b>	<b>Change in CAD currency (%)</b>	<b>Effect on net assets (CAD)</b>
<i>iShares Canadian Fundamental Index Fund</i>						
USD .....	76,019	—	76,019	0.04	+/- 5	-/+ 3,801
Total .....	76,019	—	76,019	0.04		-/+ 3,801
<i>iShares 1-5 Year Laddered Corporate Bond Index Fund</i>						
USD .....	12,439,322	(12,431,068)	8,254	0.00	+/- 5	-/+ 413
Total .....	12,439,322	(12,431,068)	8,254	0.00		-/+ 413

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

**As at December 31, 2011**

<u>Fund name/Currency code</u>	<u>Financial instruments and cash (CAD)</u>	<u>Forward currency contracts (CAD)</u>	<u>Net exposure (CAD)</u>	<u>Net exposure as a percentage of net assets (%)</u>	<u>Change in CAD currency (%)</u>	<u>Effect on net assets (CAD)</u>
<i>iShares Broad Emerging Markets Fund</i>						
BRL .....	(56,129)	—	(56,129)	(0.07)	+/- 5	-/+ (2,806)
CZK .....	486,181	—	486,181	0.64	+/- 5	-/+ 24,309
HKD .....	732,101	—	732,101	0.97	+/- 5	-/+ 36,605
HUF .....	(11,081)	—	(11,081)	(0.01)	+/- 5	-/+ (554)
IDR .....	(8,536)	—	(8,536)	(0.01)	+/- 5	-/+ (427)
MXN .....	(38,480)	—	(38,480)	(0.05)	+/- 5	-/+ (1,924)
PLN .....	(13,947)	—	(13,947)	(0.02)	+/- 5	-/+ (697)
THB .....	(10,701)	—	(10,701)	(0.01)	+/- 5	-/+ (535)
USD .....	74,278,025	—	74,278,025	98.30	+/- 5	-/+ 3,713,901
ZAR .....	(57,576)	—	(57,576)	(0.08)	+/- 5	-/+ (2,879)
Total .....	<u>75,299,857</u>	<u>—</u>	<u>75,299,857</u>	<u>99.66</u>		<u>-/+ 3,764,993</u>
<i>iShares China All-Cap Index Fund</i>						
USD .....	7,589,637	—	7,589,637	100.98	+/- 5	-/+ 379,482
Total .....	<u>7,589,637</u>	<u>—</u>	<u>7,589,637</u>	<u>100.98</u>		<u>-/+ 379,482</u>
<i>iShares Global Agriculture Index Fund</i>						
USD .....	235,712,443	—	235,712,443	92.18	+/- 5	-/+ 11,785,622
Total .....	<u>235,712,443</u>	<u>—</u>	<u>235,712,443</u>	<u>92.18</u>		<u>-/+ 11,785,622</u>
<i>iShares Global Infrastructure Index Fund</i>						
USD .....	19,557,088	—	19,557,088	83.43	+/- 5	-/+ 977,854
Total .....	<u>19,557,088</u>	<u>—</u>	<u>19,557,088</u>	<u>83.43</u>		<u>-/+ 977,854</u>
<i>iShares Global Real Estate Index Fund</i>						
AUD .....	1,404,961	—	1,404,961	9.36	+/- 5	-/+ 70,248
BRL .....	138,458	—	138,458	0.92	+/- 5	-/+ 6,923
CHF .....	87,673	—	87,673	0.58	+/- 5	-/+ 4,384
EUR .....	923,449	—	923,449	6.15	+/- 5	-/+ 46,172
GBP .....	811,703	—	811,703	5.41	+/- 5	-/+ 40,585
HKD .....	1,786,054	—	1,786,054	11.90	+/- 5	-/+ 89,303
JPY .....	1,269,040	—	1,269,040	8.45	+/- 5	-/+ 63,452
SEK .....	64,288	—	64,288	0.43	+/- 5	-/+ 3,214
SGD .....	498,659	—	498,659	3.32	+/- 5	-/+ 24,933
USD .....	10,335,774	—	10,335,774	68.86	+/- 5	-/+ 516,789
Total .....	<u>17,320,059</u>	<u>—</u>	<u>17,320,059</u>	<u>115.38</u>		<u>-/+ 866,003</u>
<i>iShares International Fundamental Index Fund</i>						
AUD .....	6,416,801	—	6,416,801	5.35	+/- 5	-/+ 320,840
CHF .....	6,021,114	—	6,021,114	5.02	+/- 5	-/+ 301,056
DKK .....	639,894	—	639,894	0.53	+/- 5	-/+ 31,995
EUR .....	39,034,650	—	39,034,650	32.53	+/- 5	-/+ 1,951,733
GBP .....	25,915,057	—	25,915,057	21.60	+/- 5	-/+ 1,295,753
HKD .....	1,857,285	—	1,857,285	1.55	+/- 5	-/+ 92,864
ILS .....	352,964	—	352,964	0.29	+/- 5	-/+ 17,648
JPY .....	20,728,234	—	20,728,234	17.28	+/- 5	-/+ 1,036,412
KRW .....	5,408,609	—	5,408,609	4.51	+/- 5	-/+ 270,430
NOK .....	1,119,911	—	1,119,911	0.93	+/- 5	-/+ 55,996
NZD .....	162,020	—	162,020	0.14	+/- 5	-/+ 8,101
SEK .....	3,428,719	—	3,428,719	2.86	+/- 5	-/+ 171,436
SGD .....	1,130,900	—	1,130,900	0.94	+/- 5	-/+ 56,545
USD .....	231,831	—	231,831	0.19	+/- 5	-/+ 11,592
Total .....	<u>112,447,989</u>	<u>—</u>	<u>112,447,989</u>	<u>93.72</u>		<u>-/+ 5,622,401</u>

**As at December 31, 2011**

<u>Fund name/Currency code</u>	<u>Financial instruments and cash (CAD)</u>	<u>Forward currency contracts (CAD)</u>	<u>Net exposure (CAD)</u>	<u>Net exposure as a percentage of net assets (%)</u>	<u>Change in CAD currency (%)</u>	<u>Effect on net assets (CAD)</u>
<i>iShares S&amp;P Global Water Index Fund</i>						
CHF .....	2,746,376	—	2,746,376	10.33	+/- 5	-/+ 137,319
EUR .....	3,263,721	—	3,263,721	12.27	+/- 5	-/+ 163,186
GBP .....	5,798,755	—	5,798,755	21.80	+/- 5	-/+ 289,938
HKD .....	758,776	—	758,776	2.85	+/- 5	-/+ 37,939
JPY .....	1,268,763	—	1,268,763	4.77	+/- 5	-/+ 63,438
SEK .....	1,136,761	—	1,136,761	4.27	+/- 5	-/+ 56,838
SGD .....	275,602	—	275,602	1.04	+/- 5	-/+ 13,780
USD .....	12,074,061	—	12,074,061	45.40	+/- 5	-/+ 603,703
Total .....	<u>27,322,815</u>	<u>—</u>	<u>27,322,815</u>	<u>102.73</u>		<u>-/+ 1,366,141</u>
<i>iShares S&amp;P/TSX Global Mining Index Fund</i>						
USD .....	27,362,353	—	27,362,353	62.88	+/- 5	-/+ 1,368,118
Total .....	<u>27,362,353</u>	<u>—</u>	<u>27,362,353</u>	<u>62.88</u>		<u>-/+ 1,368,118</u>
<i>iShares BRIC Index Fund</i>						
USD .....	243,032,164	(243,526,661)	(494,497)	(0.21)	+/- 5	-/+ (24,725)
Total .....	<u>243,032,164</u>	<u>(243,526,661)</u>	<u>(494,497)</u>	<u>(0.21)</u>		<u>-/+ (24,725)</u>
<i>iShares Japan Fundamental Index Fund (CAD-Hedged)</i>						
JPY .....	12,104,157	(12,058,709)	45,448	0.38	+/- 5	-/+ 2,272
Total .....	<u>12,104,157</u>	<u>(12,058,709)</u>	<u>45,448</u>	<u>0.38</u>		<u>-/+ 2,272</u>
<i>iShares S&amp;P US Dividend Growers Index Fund (CAD-Hedged)</i>						
USD .....	22,401,015	(22,600,089)	(199,074)	(0.89)	+/- 5	-/+ (9,954)
Total .....	<u>22,401,015</u>	<u>(22,600,089)</u>	<u>(199,074)</u>	<u>(0.89)</u>		<u>-/+ (9,954)</u>
<i>iShares US Fundamental Index Fund</i>						
USD .....	169,458,541	(140,002,357)	29,456,184	17.56	+/- 5	-/+ 1,472,809
Total .....	<u>169,458,541</u>	<u>(140,002,357)</u>	<u>29,456,184</u>	<u>17.56</u>		<u>-/+ 1,472,809</u>
<i>iShares Gold Bullion Fund</i>						
USD .....	569,505,901 <sup>(a)</sup>	(526,613,615)	42,892,286	7.40	+/- 5	-/+ 2,144,614
Total .....	<u>569,505,901</u>	<u>(526,613,615)</u>	<u>42,892,286</u>	<u>7.40</u>		<u>-/+ 2,144,614</u>
<i>iShares Silver Bullion Fund</i>						
USD .....	137,631,158 <sup>(b)</sup>	(102,470,656)	35,160,502	25.07	+/- 5	-/+ 1,758,025
Total .....	<u>137,631,158</u>	<u>(102,470,656)</u>	<u>35,160,502</u>	<u>25.07</u>		<u>-/+ 1,758,025</u>
<i>iShares Advantaged Short Duration High Income Fund<sup>(c)</sup></i>						
USD .....	185,665,714	(172,753,712)	12,912,003	6.81	+/- 5	-/+ 645,600
Total .....	<u>185,665,714</u>	<u>(172,753,712)</u>	<u>12,912,003</u>	<u>6.81</u>		<u>-/+ 645,600</u>
<i>iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)<sup>(c)</sup></i>						
USD .....	285,591,853	(285,303,201)	288,652	0.10	+/- 5	-/+ 14,433
Total .....	<u>285,591,853</u>	<u>(285,303,201)</u>	<u>288,652</u>	<u>0.10</u>		<u>-/+ 14,433</u>
<i>iShares Broad Commodity Index Fund (CAD-Hedged)<sup>(c)</sup></i>						
USD .....	2,598,012	(2,444,628)	153,384	0.34	+/- 5	-/+ 7,669
Total .....	<u>2,598,012</u>	<u>(2,444,628)</u>	<u>153,384</u>	<u>0.34</u>		<u>-/+ 7,669</u>
<i>iShares Global Monthly Advantaged Dividend Index Fund<sup>(c)</sup></i>						
USD .....	127,514,528	(129,049,343)	(1,534,815)	(1.10)	+/- 5	-/+ (76,741)
Total .....	<u>127,514,528</u>	<u>(129,049,343)</u>	<u>(1,534,815)</u>	<u>(1.10)</u>		<u>-/+ (76,741)</u>

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

- (a) Includes fair value of gold bullion, which, although not a financial instrument, has been included to assist with providing consistent disclosure between types of investments.  
(b) Includes fair value of silver bullion, which, although not a financial instrument, has been included to assist with providing consistent disclosure between types of investments.  
(c) Represents the Fund's underlying exposure to financial instruments obtained through an equity forward agreement.

The Multi-Asset Class Funds are also exposed to indirect currency risk in the event that the underlying funds invest in instruments that are denominated in a currency other than CAD.

In practice, the actual trading results may differ from the above sensitivity analyses and the differences could be material.

**Interest rate risk**

Interest rate risk arises on interest-bearing financial instruments held directly or indirectly in the investment portfolio, such as bonds. Certain Funds are exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Canadian Equity Funds, International Equity Funds, Currency Hedged International Equity Funds and Bullion Funds' financial assets and liabilities are non-interest-bearing; accordingly, these Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Advantaged Funds' interest rate risk concentration, if applicable, is gained through their indirect exposure to the debt instruments or bond futures of the reference portfolio of their respective equity forward agreements.

If the prevailing interest rates had been raised or lowered, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have decreased or increased. The tables below summarize the Canadian Fixed Income Funds' and the Advantaged Funds' (except iShares Global Monthly Advantaged Dividend Index Fund) exposure to interest rate risks as at December 31, 2012 and 2011. The financial instruments of the Canadian Fixed Income Funds and the Advantaged Funds (excluding cash and cash equivalents) are fair valued and categorized below by the earlier of repricing or maturity dates. Each Fund's sensitivity to a +/- 1% change in the interest rate as at December 31, 2012 and a +/- 0.25% change in the interest rate as at December 31, 2011 was determined based on the weighted average duration of the portfolio.

**As at December 31, 2012**

<b>Fund name</b>	<b>&lt;1 year (CAD 000s)</b>	<b>1-3 years (CAD 000s)</b>	<b>3-5 Years (CAD 000s)</b>	<b>5-10 years (CAD 000s)</b>	<b>&gt;10 years (CAD 000s)</b>	<b>Total (CAD 000s)</b>	<b>Change in interest rates (%)</b>	<b>Effect on net assets (CAD 000s)</b>
iShares 1-5 Year Laddered Corporate Bond Index Fund .....	192,015	539,798	730,473	141,921	—	1,604,207	+/- 1	+/- 93,361
iShares 1-5 Year Laddered Government Bond Index Fund .....	42,732	543,068	439,230	85,208	—	1,110,238	+/- 1	+/- 31,907
iShares 1-10 Year Laddered Corporate Bond Index Fund .....	3,579	6,412	7,385	18,455	—	35,831	+/- 1	+/- 2,544
iShares 1-10 Year Laddered Government Bond Index Fund .....	1,467	6,316	5,139	12,279	—	25,201	+/- 1	+/- 1,128
iShares Premium Money Market Fund .....	56,117	—	—	—	—	56,117	+/- 1	+/- —



**As at December 31, 2012**

<b>Fund name</b>	<b>&lt;1 year (CAD 000s)</b>	<b>1-3 years (CAD 000s)</b>	<b>3-5 Years (CAD 000s)</b>	<b>5-10 years (CAD 000s)</b>	<b>&gt;10 years (CAD 000s)</b>	<b>Total (CAD 000s)</b>	<b>Change in interest rates (%)</b>	<b>Effect on net assets (CAD 000s)</b>
iShares Advantaged Canadian Bond Index Fund <sup>(a)</sup> . . . . .	—	44,188	43,440	43,109	40,400	171,137	+/- 1	+/- 11,446
iShares Advantaged Convertible Bond Index Fund <sup>(a)</sup> . . . . .	4,615	23,433	25,716	23,438	—	77,202	+/- 1	+/- 2,729
iShares Advantaged Short Duration High Income Fund <sup>(a)</sup> . . . . .	8,849	121,001	132,963	1,483	—	264,296	+/- 1	+/- 6,899
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) <sup>(a)</sup> . . . . .	—	20,479	48,261	399,925	18,434	487,099	+/- 1	+/- 26,507
iShares Broad Commodity Index Fund (CAD-Hedged) <sup>(a)</sup> . . . . .	71,986	—	—	—	—	71,986	+/- 1	+/- —
iShares Managed Futures Index Fund <sup>(a)</sup> . . . . .	3,999	—	—	—	—	3,999	+/- 1	+/- —

**As at December 31, 2011**

<b>Fund name</b>	<b>&lt;1 year (CAD 000s)</b>	<b>1-3 years (CAD 000s)</b>	<b>3-5 Years (CAD 000s)</b>	<b>5-10 years (CAD 000s)</b>	<b>&gt;10 years (CAD 000s)</b>	<b>Total (CAD 000s)</b>	<b>Change in interest rates (%)</b>	<b>Effect on net assets (CAD 000s)</b>
iShares 1-5 Year Laddered Corporate Bond Index Fund . . . . .	127,021	356,736	486,480	135,081	—	1,105,318	+/- 0.25	+/- 15,655
iShares 1-5 Year Laddered Government Bond Index Fund . . . . .	106,740	379,142	389,778	70,844	—	946,504	+/- 0.25	+/- 6,878
iShares 1-10 Year Laddered Corporate Bond Index Fund <sup>(b)</sup> . . . . .	1,077	1,126	1,216	4,397	—	7,816	+/- 0.25	+/- 133
iShares 1-10 Year Laddered Government Bond Index Fund <sup>(b)</sup> . . . . .	1,389	1,991	2,047	4,466	—	9,893	+/- 0.25	+/- 105
iShares Premium Money Market Fund . . . . .	56,828	—	—	—	—	56,828	+/- 0.25	+/- —
iShares Advantaged Canadian Bond Index Fund <sup>(a)</sup> . . . . .	11,673	24,417	17,570	35,454	25,055	114,169	+/- 0.25	+/- 1,732
iShares Advantaged Convertible Bond Index Fund <sup>(a)</sup> . . . . .	341	2,545	2,829	3,863	—	9,578	+/- 0.25	+/- 91
iShares Advantaged Short Duration High Income Fund <sup>(a)</sup> . . . . .	4,672	99,266	64,944	2,177	—	171,059	+/- 0.25	+/- 961
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) <sup>(a)</sup> . . . . .	—	5,612	43,730	223,072	5,228	277,642	+/- 0.25	+/- 3,619
iShares Broad Commodity Index Fund (CAD-Hedged) <sup>(a)</sup> . . . . .	42,492	—	—	—	—	42,492	+/- 0.25	+/- —

<sup>(a)</sup> Represents the Fund's underlying exposure to financial instruments obtained through an equity forward agreement.

<sup>(b)</sup> Includes the Fund's exposure to financial instruments from investments in underlying funds.

The Multi-Asset Class Funds and iShares Global Monthly Advantaged Dividend Index Fund are exposed to indirect interest rate risk in the event the underlying funds invest in interest-bearing financial instruments.

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

A sensitivity rate of +/-1% reflects the uncertain potential for change in the Canadian Bank Rate from a rate of 1.25% as at December 31, 2012 which over the past five years has been as low as 0.5% and as high as 4.5%. In practice, the actual results may differ from the above sensitivity analyses and the differences could be material.

As at December 31, 2012 and 2011, the iShares Canadian Financial Monthly Income Fund had a loan facility of \$13 million outstanding with a maturity of less than 90 days. Due to its short-term duration, the loan facility is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

**Other market risk**

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Funds' investments in equities and debt securities are susceptible to other market risk arising from uncertainties about future prices of the instruments.

Management's estimate of the effect on net assets due to a +/-10% change as at December 31, 2012 and a +/-5% change as at December 31, 2011 in the Funds' underlying indices, with all other variables held constant, is as follows:

**As at December 31, 2012**

<b>Fund name</b>	<b>Change in market prices (%)</b>	<b>Effect on net assets (CAD 000s)</b>
iShares Canadian Fundamental Index Fund	+/- 10	+/- 23,697
iShares Equal Weight Banc & Lifeco Fund	+/- 10	+/- 9,256
iShares Oil Sands Index Fund	+/- 10	+/- 3,227
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund	+/- 10	+/- 88,657
iShares S&P/TSX Canadian Preferred Share Index Fund	+/- 10	+/- 139,616
iShares 1-5 Year Laddered Corporate Bond Index Fund	+/- 10	+/- 160,421
iShares 1-5 Year Laddered Government Bond Index Fund	+/- 10	+/- 111,024
iShares 1-10 Year Laddered Corporate Bond Index Fund	+/- 10	+/- 3,583
iShares 1-10 Year Laddered Government Bond Index Fund	+/- 10	+/- 2,520
iShares Broad Emerging Markets Fund	+/- 10	+/- 7,588
iShares China All-Cap Index Fund	+/- 10	+/- 647
iShares Global Agriculture Index Fund	+/- 10	+/- 23,918
iShares Global Infrastructure Index Fund	+/- 10	+/- 1,428
iShares Global Real Estate Index Fund	+/- 10	+/- 2,919
iShares International Fundamental Index Fund	+/- 10	+/- 14,029
iShares S&P Global Water Index Fund	+/- 10	+/- 2,643
iShares S&P/TSX Global Mining Index Fund	+/- 10	+/- 3,126
iShares BRIC Index Fund	+/- 10	+/- 20,814
iShares Japan Fundamental Index Fund (CAD-Hedged)	+/- 10	+/- 1,037
iShares S&P US Dividend Growers Index Fund (CAD-Hedged)	+/- 10	+/- 17,555
iShares US Fundamental Index Fund	+/- 10	+/- 19,790
iShares Gold Bullion Fund <sup>(a)</sup>	+/- 10	+/- 60,877
iShares Silver Bullion Fund <sup>(b)</sup>	+/- 10	+/- 12,760
iShares Balanced Growth CorePortfolio™ Fund	+/- 10	+/- 2,387
iShares Balanced Income CorePortfolio™ Fund	+/- 10	+/- 6,890

**As at December 31, 2012**

<b>Fund name</b>	<b>Change in market prices (%)</b>	<b>Effect on net assets (CAD 000s)</b>
iShares Canadian Financial Monthly Income Fund .....	+/- 10	+/- 24,216
iShares Advantaged Canadian Bond Index Fund <sup>(c)</sup> .....	+/- 10	+/- 17,114
iShares Advantaged Convertible Bond Index Fund <sup>(c)</sup> .....	+/- 10	+/- 7,720
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) <sup>(c)</sup> .....	+/- 10	+/- 48,710
iShares Broad Commodity Index Fund (CAD-Hedged) <sup>(c)(d)</sup> .....	+/- 10	+/- 5,700
iShares Global Monthly Advantaged Dividend Index Fund <sup>(c)</sup> .....	+/- 10	+/- 14,301
iShares Managed Futures Index Fund <sup>(c)(d)</sup> .....	+/- 10	+/- 692

**As at December 31, 2011**

<b>Fund name</b>	<b>Change in market prices (%)</b>	<b>Effect on net assets (CAD 000s)</b>
iShares Canadian Fundamental Index Fund .....	+/- 5	+/- 10,679
iShares Equal Weight Banc & Lifeco Fund .....	+/- 5	+/- 4,426
iShares Oil Sands Index Fund .....	+/- 5	+/- 2,006
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund .....	+/- 5	+/- 31,175
iShares S&P/TSX Canadian Preferred Share Index Fund .....	+/- 5	+/- 42,585
iShares 1-5 Year Laddered Corporate Bond Index Fund .....	+/- 5	+/- 55,266
iShares 1-5 Year Laddered Government Bond Index Fund .....	+/- 5	+/- 47,325
iShares 1-10 Year Laddered Corporate Bond Index Fund .....	+/- 5	+/- 391
iShares 1-10 Year Laddered Government Bond Index Fund .....	+/- 5	+/- 495
iShares Broad Emerging Markets Fund .....	+/- 5	+/- 3,729
iShares China All-Cap Index Fund .....	+/- 5	+/- 370
iShares Global Agriculture Index Fund .....	+/- 5	+/- 12,733
iShares Global Infrastructure Index Fund .....	+/- 5	+/- 1,168
iShares Global Real Estate Index Fund .....	+/- 5	+/- 745
iShares International Fundamental Index Fund .....	+/- 5	+/- 5,973
iShares S&P Global Water Index Fund .....	+/- 5	+/- 1,324
iShares S&P/TSX Global Mining Index Fund .....	+/- 5	+/- 2,173
iShares BRIC Index Fund .....	+/- 5	+/- 11,804
iShares Japan Fundamental Index Fund (CAD-Hedged) .....	+/- 5	+/- 605
iShares S&P US Dividend Growers Index Fund (CAD-Hedged) .....	+/- 5	+/- 1,116
iShares US Fundamental Index Fund .....	+/- 5	+/- 8,441
iShares Gold Bullion Fund <sup>(a)</sup> .....	+/- 5	+/- 28,475
iShares Silver Bullion Fund <sup>(b)</sup> .....	+/- 5	+/- 6,881
iShares Balanced Growth CorePortfolio™ Fund .....	+/- 5	+/- 1,008
iShares Balanced Income CorePortfolio™ Fund .....	+/- 5	+/- 2,562
iShares Canadian Financial Monthly Income Fund .....	+/- 5	+/- 9,712
iShares Advantaged Canadian Bond Index Fund <sup>(c)</sup> .....	+/- 5	+/- 5,708
iShares Advantaged Convertible Bond Index Fund <sup>(c)</sup> .....	+/- 5	+/- 479
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) <sup>(c)</sup> .....	+/- 5	+/- 13,933
iShares Broad Commodity Index Fund (CAD-Hedged) <sup>(c)(d)</sup> .....	+/- 5	+/- 491
iShares Global Monthly Advantaged Dividend Index Fund <sup>(c)</sup> .....	+/- 5	+/- 6,376

<sup>(a)</sup> Represents Fund's exposure to gold bullion, which, although not a financial instrument, has been included to assist with providing consistent disclosure between types of investments.

<sup>(b)</sup> Represents the Fund's exposure to silver bullion, which, although not a financial instrument, has been included to assist with providing consistent disclosure between types of investments.

<sup>(c)</sup> Represents the Fund's underlying exposure to financial instruments obtained through an equity forward agreement.

<sup>(d)</sup> Based on the notional value of bond, equity index and commodities futures contracts held.

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

A sensitivity rate of +/-10% reflects the uncertain potential for Canadian, U.S. and International market indices to appreciate or depreciate, which over the most recent five years ended December 31, 2012, have shown greater than a +/-5% volatility in value. In practice, the actual results may differ from the above sensitivity analyses and the differences could be material.

**Credit risk**

The Funds are exposed to credit risk, which is the risk that a counterparty will be unable to pay the amounts or deliver securities in full when due. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made primarily through redemption of capital units once the broker has delivered payments. Payment is made on a purchase primarily through issuance of capital units once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligations.

Except for the iShares Advantaged Convertible Bond Index Fund, iShares Advantaged Short Duration High Income Fund and iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) credit risk arising on debt instruments is mitigated by investing primarily in instruments that have been rated as “investment grade or above” by independent third party rating agencies.

Credit risk arising on forward currency contracts is mitigated by investing primarily in instruments issued by counterparties who have been rated by third party rating agencies as having a superior ability to repay short-term debt. Similarly credit risk arising from equity forward agreements is mitigated by the careful selection of counterparties. The credit risk exposure is also limited to the positive mark-to-market value of the equity forward agreement, which is calculated and accrued on a daily basis. The Advantaged Funds have investments in equity forward agreements with counterparties which are Schedule I Canadian financial institutions. Details of derivative counterparties and associated credit ratings are disclosed in each Fund’s Schedule of Investments.

As at December 31, 2012 and 2011, the Canadian Equity Funds, International Equity Funds, Currency Hedged International Equity Funds, Bullion Funds, and iShares Global Monthly Advantaged Dividend Index Fund had no investments in or exposure to debt instruments.

The following Funds had exposure to debt securities with the following credit ratings:

**As at December 31, 2012**

<b>Fund name</b>	<b>AAA/ Aaa/AAA/ Bonds A++<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>AA/ Aa/AA/ Bonds A+<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>A/A/A/ Bonds A<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>BBB/ Baa/BBB/ Bonds B++<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>Below BBB/ Baa/BBB/ Bonds B++<sup>(a)</sup>/ Not Rated (%)<sup>(b)</sup></b>	<b>Total (%)<sup>(b)</sup></b>
iShares 1-5 Year Laddered Corporate Bond Index Fund . . .	1.76	12.24	75.61	10.39	—	100.00
iShares 1-5 Year Laddered Government Bond Index Fund . . . . .	43.17	30.56	26.27	—	—	100.00
iShares 1-10 Year Laddered Corporate Bond Index Fund . . .	—	7.46	80.89	11.65	—	100.00
iShares 1-10 Year Laddered Government Bond Index Fund . . . . .	49.01	27.07	23.92	—	—	100.00
iShares Premium Money Market Fund . . . . .	37.56	27.43	35.01	—	—	100.00

**As at December 31, 2012**

<b>Fund name</b>	<b>AAA/ Aaa/AAA/ Bonds A++<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>AA/ Aa/AA/ Bonds A+<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>A/A/A/ Bonds A<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>BBB/ Baa/BBB/ Bonds B++<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>Below BBB/ Baa/BBB/ Bonds B++<sup>(a)</sup>/ Not Rated (%)<sup>(b)</sup></b>	<b>Total (%)<sup>(b)</sup></b>
iShares Advantaged Canadian Bond Index Fund <sup>(c)</sup>	41.96	22.57	33.32	2.15	—	100.00
iShares Advantaged Convertible Bond Index Fund <sup>(c)</sup>	—	—	—	22.47	77.53	100.00
iShares Advantaged Short Duration High Income Fund <sup>(c)</sup>	—	—	—	4.03	95.97	100.00
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) <sup>(c)</sup>	—	—	—	4.47	95.53	100.00
iShares Broad Commodity Index Fund (CAD-Hedged) <sup>(c)</sup>	100.00	—	—	—	—	100.00
iShares Managed Futures Index Fund <sup>(c)</sup>	100.00	—	—	—	—	100.00

**As at December 31, 2011**

<b>Fund name</b>	<b>AAA/ Aaa/AAA/ Bonds A++<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>AA/ Aa/AA/ Bonds A+<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>A/A/A/ Bonds A<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>BBB/ Baa/BBB/ Bonds B++<sup>(a)</sup> (%)<sup>(b)</sup></b>	<b>Below BBB/ Baa/BBB/ Bonds B++<sup>(a)</sup>/ Not Rated (%)<sup>(b)</sup></b>	<b>Total (%)<sup>(b)</sup></b>
iShares 1-5 Year Laddered Corporate Bond Index Fund	—	11.02	88.98	—	—	100.00
iShares 1-5 Year Laddered Government Bond Index Fund	43.19	35.14	21.67	—	—	100.00
iShares 1-10 Year Laddered Corporate Bond Index Fund <sup>(d)</sup>	2.24	7.79	87.62	2.35	—	100.00
iShares 1-10 Year Laddered Government Bond Index Fund <sup>(d)</sup>	51.64	27.78	20.58	—	—	100.00
iShares Premium Money Market Fund	27.07	55.87	17.06	—	—	100.00
iShares Advantaged Canadian Bond Index Fund <sup>(c)</sup>	44.16	23.17	31.33	1.34	—	100.00
iShares Advantaged Convertible Bond Index Fund <sup>(c)</sup>	1.14	1.24	7.64	19.39	70.59	100.00
iShares Advantaged Short Duration High Income Fund <sup>(c)</sup>	—	—	—	4.42	95.58	100.00
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) <sup>(c)</sup>	—	—	—	4.71	95.29	100.00
iShares Broad Commodity Index Fund (CAD-Hedged) <sup>(c)</sup>	100.00	—	—	—	—	100.00

<sup>(a)</sup> The primary ratings are obtained from Standard & Poor's and then Moody's if a Standard & Poor's rating is not available.

<sup>(b)</sup> Percentage of fixed income holdings.

<sup>(c)</sup> Represents the Fund's underlying exposure to financial instruments obtained through an equity forward agreement.

<sup>(d)</sup> Includes the Fund's exposure to financial instruments from investments in underlying funds.

## Notes to Financial Statements (continued)

### For the Periods Ended December 31, 2012 and 2011

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The Multi-Asset Class Funds are also exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

The Currency Hedged International Equity Funds, Bullion Funds, iShares Global Monthly Advantaged Dividend Index Fund and the reference portfolios of the relevant equity forward agreements of each of the iShares Advantaged Short Duration High Income Fund (CAD-Hedged), iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) and iShares Broad Commodity Index Fund (CAD-Hedged) had investments in forward currency contracts with counterparties who received a P-1 rating from the Moody's Investors Service, Inc.

Except for as described above, there was no significant credit risk from counterparties as at December 31, 2012 and 2011.

#### Liquidity risk

Liquidity risk is the risk that a Fund will not be able to generate sufficient cash resources to fulfill payment obligations. For the Funds where the delivery of redemptions is primarily in the form of securities, these Funds are not exposed to any significant liquidity risk. For the Funds where the delivery of redemptions is cash, their investments are primarily in readily realizable and highly liquid investments or equity forward agreements with Schedule I Canadian financial institutions. In addition, the Funds retain cash and cash equivalents to maintain liquidity. Derivative contracts have maturities disclosed in each Fund's respective Statement of Investments, as applicable. The iShares Canadian Financial Monthly Income Fund's loan payable has a maturity of February 16, 2013 as disclosed in Note 8. Other liabilities are due within three months.

#### 5. Fair value measurements

The Funds disclose fair value based on inputs used to value the Funds' investments. The fair value hierarchy has the following levels:

- Level 1 — Quoted market price in an active market for an identical instrument. These include active listed equities, exchange-traded derivatives, exchange-traded funds, etc. The Funds do not adjust the quoted price for these instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange of prices that represent actual and regularly occurring market transactions on an arm's length basis.

- Level 2 — Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardized financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

- Level 3 — Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. It also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

The determination of what constitutes “observable” requires significant judgment by BlackRock Canada. BlackRock Canada considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For the periods ended December 31, 2012 and 2011, there were no significant transfers between Level 1 and Level 2 for each Fund. The Funds held no financial instruments that are categorized as Level 3.

The tables below summarize the inputs used as at December 31, 2012 and 2011, in valuing the Funds’ investments and derivatives carried at fair value.

### As at December 31, 2012

Fund name	Level 1		Level 2				Total (\$)
	Common/ Preferred shares (\$)	Exchange- traded funds (\$)	Common/ Preferred shares (\$)	Bonds (\$)	Derivatives assets (\$) <sup>(a)</sup>	Derivatives liabilities (\$) <sup>(a)</sup>	
iShares Canadian Fundamental IndexFund .....	236,966,547	—	—	—	—	—	236,966,547
iShares Equal Weight Banc & Lifeco Fund .....	92,556,009	—	—	—	—	—	92,556,009
iShares Oil Sands Index Fund ...	32,272,112	—	—	—	—	—	32,272,112
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund .....	886,574,377	—	—	—	—	—	886,574,377
iShares S&P/TSX Canadian Preferred Share IndexFund ...	1,396,163,452	—	—	—	—	—	1,396,163,452
iShares 1-5 Year Laddered Corporate Bond Index Fund ..	—	—	—	1,604,207,242	—	—	1,604,207,242
iShares 1-5 Year Laddered Government Bond Index Fund	—	—	—	1,110,238,264	—	—	1,110,238,264
iShares 1-10 Year Laddered Corporate Bond Index Fund ..	—	—	—	35,831,237	—	—	35,831,237
iShares 1-10 Year Laddered Government Bond Index Fund .....	—	—	—	25,201,311	—	—	25,201,311
iShares Premium Money Market Fund .....	—	—	—	56,116,784	—	—	56,116,784
iShares Broad Emerging Markets Fund .....	57,766,337	18,114,427	—	—	—	—	75,880,764
iShares China All-Cap Index Fund .....	—	6,470,274	—	—	—	—	6,470,274
iShares Global Agriculture Index Fund .....	239,178,551	—	—	—	—	—	239,178,551
iShares Global Infrastructure Index Fund .....	14,284,145	—	—	—	—	—	14,284,145
iShares Global Real Estate Index Fund .....	29,191,366	—	—	—	—	—	29,191,366
iShares International Fundamental Index Fund .....	140,285,821	—	—	—	—	—	140,285,821
iShares S&P Global Water Index Fund .....	26,432,416	—	—	—	—	—	26,432,416
iShares S&P/TSX Global Mining Index Fund .....	31,264,147	—	—	—	—	—	31,264,147
iShares BRIC Index Fund .....	208,135,527	—	—	—	52,702	(387,385)	207,800,844

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

**As at December 31, 2012**

Fund name	Level 1		Level 2				Total (\$)
	Common/ Preferred shares (\$)	Exchange-traded funds (\$)	Common/ Preferred shares (\$)	Bonds (\$)	Derivatives assets (\$) <sup>(a)</sup>	Derivatives liabilities (\$) <sup>(a)</sup>	
iShares Japan Fundamental Index Fund (CAD-Hedged)	10,373,443	—	—	—	445,317	(6,261)	10,812,499
iShares S&P US Dividend Growers Index Fund (CAD-Hedged)	175,548,456	—	—	—	79	(392,220)	175,156,315
iShares US Fundamental Index Fund	197,898,881	—	—	—	25,920	(251,839)	197,672,962
iShares Gold Bullion Fund <sup>(b)</sup>	—	—	—	—	1,309	(1,087,655)	(1,086,346)
iShares Silver Bullion Fund <sup>(c)</sup>	—	—	—	—	—	(209,813)	(209,813)
iShares Balanced Growth CorePortfolio™ Fund	—	23,869,520	—	—	—	—	23,869,520
iShares Balanced Income CorePortfolio™ Fund	—	68,900,199	—	—	—	—	68,900,199
iShares Canadian Financial Monthly Income Fund	170,908,262	71,249,639	—	—	—	—	242,157,901
iShares Advantaged Canadian Bond Index Fund	164,826,871	—	—	—	7,056,305	—	171,883,176
iShares Advantaged Convertible Bond Index Fund	79,650,684	—	—	—	—	(193,178)	79,457,506
iShares Advantaged Short Duration High Income Fund	301,853,639	—	—	—	6,049,352	—	307,902,991
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)	494,450,960	—	—	—	8,206,760	—	502,657,720
iShares Broad Commodity Index Fund (CAD-Hedged)	78,141,448	—	—	—	545,886	—	78,687,334
iShares Global Monthly Advantaged Dividend Index Fund	136,494,332	—	—	—	14,023,107	(342,322)	150,175,117
iShares Managed Futures Index Fund	4,914,206	—	—	—	—	(125,499)	4,788,707

(a) Valued at unrealized appreciation (depreciation).

(b) The iShares Gold Bullion Fund held non-financial assets in the form of gold bullion with a fair value of \$608,765,977 as at December 31, 2012.

(c) The iShares Silver Bullion Fund held non-financial assets in the form of silver bullion with a fair value of \$127,603,428 as at December 31, 2012.

**As at December 31, 2011**

Fund name	Level 1		Level 2				Total (\$)
	Common/ Preferred shares (\$)	Exchange-traded funds (\$)	Common/ Preferred shares (\$)	Bonds (\$)	Derivatives assets (\$) <sup>(a)</sup>	Derivatives liabilities (\$) <sup>(a)</sup>	
iShares Canadian Fundamental Index Fund	213,577,241	—	—	—	—	—	213,577,241
iShares Equal Weight Banc & Lifeco Fund	88,525,071	—	—	—	—	—	88,525,071
iShares Oil Sands Index Fund	40,125,701	—	—	—	—	—	40,125,701
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund	623,505,025	—	—	—	—	—	623,505,025
iShares S&P/TSX Canadian Preferred Share Index Fund	851,704,822	—	—	—	—	—	851,704,822
iShares 1-5 Year Laddered Corporate Bond Index Fund	—	—	—	1,105,318,394	2,545	(13,900)	1,105,307,039



**As at December 31, 2011**

Fund name	Level 1		Level 2				Total (\$)
	Common/ Preferred shares (\$)	Exchange- traded funds (\$)	Common/ Preferred shares (\$)	Bonds (\$)	Derivatives assets (\$) <sup>(a)</sup>	Derivatives liabilities(\$) <sup>(a)</sup>	
iShares 1-5 Year Laddered Government Bond Index Fund . . .	—	—	—	946,504,092	—	—	946,504,092
iShares 1-10 Year Laddered Corporate Bond Index Fund . . . . .	—	3,985,984	—	3,830,328	—	—	7,816,312
iShares 1-10 Year Laddered Government Bond Index Fund . . .	—	4,971,470	—	4,921,825	—	—	9,893,295
iShares Premium Money Market Fund . . . . .	—	—	—	56,828,292	—	—	56,828,292
iShares Broad Emerging Markets Fund . . . . .	74,497,346	—	85,523	—	1,368,210	(276,487)	75,674,592
iShares China All-Cap Index Fund . . . . .	—	7,408,419	—	—	—	—	7,408,419
iShares Global Agriculture Index Fund . . . . .	254,667,329	—	—	—	—	—	254,667,329
iShares Global Infrastructure Index Fund . . . . .	23,369,270	—	—	—	—	—	23,369,270
iShares Global Real Estate Index Fund . . . . .	14,896,058	—	—	—	—	—	14,896,058
iShares International Fundamental Index Fund . . . . .	119,460,409	—	1,425	—	—	—	119,461,834
iShares S&P Global Water Index Fund . . . . .	26,473,616	—	—	—	—	—	26,473,616
iShares S&P/TSX Global Mining Index Fund . . . . .	43,454,788	—	—	—	—	—	43,454,788
iShares BRIC Index Fund . . . . .	236,081,869	—	—	—	37,436	(370,864)	235,748,441
iShares Japan Fundamental Index Fund (CAD-Hedged) . . . . .	12,092,352	—	—	—	8,266	(132,764)	11,967,854
iShares S&P US Dividend Growers Index Fund (CAD-Hedged) . . . . .	22,322,087	—	—	—	49,965	(22,537)	22,349,515
iShares US Fundamental Index Fund . . . . .	168,829,285	—	—	—	6,083	(127,336)	168,708,032
iShares Gold Bullion Fund <sup>(b)</sup> . . . . .	—	—	—	—	9,880,370	(112,938)	9,767,432
iShares Silver Bullion Fund <sup>(c)</sup> . . . . .	—	—	—	—	1,981,851	(31,835)	1,950,016
iShares Balanced Growth CorePortfolio™ Fund . . . . .	—	20,152,708	—	—	—	—	20,152,708
iShares Balanced Income CorePortfolio™ Fund . . . . .	—	51,230,581	—	—	—	—	51,230,581
iShares Canadian Financial Monthly Income Fund . . . . .	138,617,977	55,613,531	—	—	—	—	194,231,508
iShares Advantaged Canadian Bond Index Fund . . . . .	112,005,722	—	—	—	5,602,056	—	117,607,778
iShares Advantaged Convertible Bond Index Fund . . . . .	9,791,080	—	—	—	730,909	—	10,521,989
iShares Advantaged Short Duration High Income Fund . . . . .	172,875,926	—	—	—	17,229,986	—	190,105,912
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) . . . . .	274,956,425	—	—	—	11,390,508	—	286,346,933
iShares Broad Commodity Index Fund (CAD-Hedged) . . . . .	42,805,317	—	—	—	2,561,071	—	45,366,388
iShares Global Monthly Advantaged Dividend Index Fund . . . . .	118,693,108	—	—	—	11,180,781	—	129,873,889

<sup>(a)</sup> Valued at unrealized appreciation (depreciation).

<sup>(b)</sup> The iShares Gold Bullion Fund held non-financial assets in the form of gold bullion with a fair value of \$569,503,994 as at December 31, 2011.

<sup>(c)</sup> The iShares Silver Bullion Fund held non-financial assets in the form of silver bullion with a fair value of \$137,628,035 as at December 31, 2011.

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

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**6. Units issued and outstanding**

Each of the Funds, except for the iShares Advantaged Short Duration High Income Fund, are authorized to issue an unlimited number of redeemable, transferrable units designated as Common Units, Advisor Class Units and Institutional Class Units, as applicable. All classes of units have identical voting, dividends, liquidation, and other rights and the same term and conditions and, except for Funds with both CAD-hedged and non-hedged classes which allocate realized and unrealized gains and losses on forward currency contracts solely to the CAD-hedged classes, differ principally in administration fees.

The iShares Canadian Fundamental Index Fund, iShares S&P/TSX Canadian Dividend Aristocrats Index Fund, iShares Global Agriculture Index Fund, iShares International Fundamental Index Fund, iShares S&P Global Water Index Fund, iShares BRIC Index Fund, iShares US Fundamental Index Fund and iShares Global Monthly Advantaged Dividend Index Fund each liquidated all outstanding units of their respective Institutional classes during the year ended December 31, 2012.

The iShares Advantaged Short Duration High Income Fund is authorized to issue an unlimited number of redeemable, transferrable units designated as CAD-hedged Common Units and CAD-hedged Advisor Class Units and an unlimited number of redeemable, transferrable units designated as U.S. \$ Common Units and U.S. \$ Advisor Units which are denominated in U.S. dollars.

The iShares Silver Bullion Fund converted from a closed-end fund into an exchange traded fund effective November 5, 2012. The Non-hedged Units were created on February 25, 2011 and the initial offering of 2,600,318 Non-hedged Units was completed on March 4, 2011 at \$15 per unit. On May 26, 2011, the Fund completed a non-brokered private placement of 192,686 Hedged Units and 286,848 Non-hedged Units. On September 7, 2011, the Fund completed an offering of 1,477,580 Hedged Units, and completed an over-allotment offering of 147,750 Hedged Units on September 19, 2011. Gross proceeds from issuances during 2011 pursuant to these offerings totaled \$45,933,708 for the Hedged units and \$43,004,751 for the Non-hedged units. The Fund paid issuance costs of \$5,064,759.

Prior to November 5, 2012 Units of the Fund could be surrendered at any time for monthly redemption. Units properly surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) by the 10th business day before the last business day of a month (a "Monthly Redemption Date") were be redeemed on the Monthly Redemption Date and the Unitholder received payment on or before the 15th business day following such Monthly Redemption Date, subject to the Fund's right to suspend redemptions in certain circumstances.

A holder of Units of the Fund who properly surrendered a Unit of a class for redemption received the amount, if any, equal to the lesser of: (a) 95% of the weighted average trading price of the Units of the class on the stock exchange or market on which the Units of the class was listed during the 15 trading days preceding the applicable Monthly Redemption Date, and (b) the "closing market price" of the Units of the class on the principal market on which the Units of the class were quoted for trading on the applicable Monthly Redemption Date; less any expenses and redemption costs.

The "closing market price" is an amount equal to: (i) the closing price of the Units of the class if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Units of the Class if there was trading on the applicable Monthly redemption Date and the market provides only the highest and lowest prices of the Units of the class traded on a particular day; or (iii) the average of the last bid and last asking prices of the Units of the class if there was no trading on the applicable Monthly Redemption Date. Notwithstanding the foregoing, a Unitholder who properly surrendered a Unit for redemption during the Notice Period for an annual redemption received the Annual Redemption Amount.

On November 30, 2012 iShares Broad Commodity Index Fund (CAD-Hedged) (“CBR”) completed its merger with iShares Natural Gas Commodity Index Fund (“GAS”) by acquiring the assets of GAS in the amount of \$55,848,315 in exchange for 2,468,372 common units of CBR (the “CBR Units”). Each unitholder of GAS automatically received 0.567484 Common Units of CBR for each unit of GAS held. Prior to November 30, 2012, GAS terminated and sold all of the forward contracts, futures, swaps and other assets in its portfolio, temporarily holding all or substantially all of its assets in cash. The CBR Units received by GAS were distributed to unitholders of GAS on a dollar-for-dollar basis in exchange for their units in GAS, with holders of common units of GAS receiving common units of CBR. No fractional units or cash in lieu thereof were issued or paid. Following the completion of the merger, GAS was wound up and CBR remained the continuing fund.

On any trading day, an underwriter may place a subscription or redemption order for an integral multiple of the prescribed number of units of the Funds. If the subscription or redemption order is accepted, the respective Fund will issue/redeem units to/from the underwriter in accordance with the subscription/redemption order against payment by/to the underwriter of:

- A basket of applicable securities for each prescribed number of units; and
- Cash in an amount sufficient so that the value of the basket of applicable securities and cash delivered is equal to the Net Asset Value of the prescribed number of units plus the distribution price adjustment, if applicable, of the relevant Fund.

From time to time, settlement of securities related to in kind subscriptions may be delayed. In the Statements of Net Assets, any cash collateral received as a result from the broker is reflected as Cash collateral and the liability to deliver the cash collateral back to the broker is reflected as Payable for broker collateral.

Unitholders may redeem Fund units for cash at a redemption price of 95% of the closing price for the applicable Fund units on the TSX on the effective day of redemption.

The Net Asset Value per unit is arrived at by dividing the Net Asset Value of each class by the total number of units outstanding for that class at the end of each trading day of that Fund.

Each Fund’s capital is managed in accordance with each of the Fund’s investment objectives and strategies as delineated in the prospectus. Changes in the Funds’ capital are reflected in the Statements of Changes in Net Assets. The Funds have no specific restrictions or capital requirements on the subscriptions or redemptions of units.

For the periods ended December 31, 2012 and 2011, the Funds issued and redeemed the following units:

<b>Fund name / Unit Class</b>	<b>December 31,</b>	<b>Beginning of period</b>	<b>Issued for consideration</b>	<b>Reinvestment of distributions</b>	<b>Redeemed for consideration</b>	<b>Reduced by consolidation</b>	<b>End of period</b>
<i>iShares Canadian Fundamental Index Fund</i>							
Common Units . . . . .	2012	15,423,000	3,008,798	139,157	(1,831,798)	(139,157)	16,600,000
	2011	13,653,000	2,920,000	—	(1,150,000)	—	15,423,000
Advisor Class Units . . . . .	2012	3,885,055	—	15,004	(410,055)	(15,004)	3,475,000
	2011	3,655,055	230,000	—	—	—	3,885,055
Institutional Class Units . . . . .	2012	8,555	—	—	(8,555)	—	—
	2011	818,140	—	5,421	(815,006)	—	8,555
<i>iShares Equal Weight Banc &amp; Lifeco Fund</i>							
Common Units . . . . .	2012	4,286,000	514,000	—	(600,000)	—	4,200,000
	2011	4,091,000	1,295,000	—	(1,100,000)	—	4,286,000
Advisor Class Units . . . . .	2012	10,851,000	200,000	—	(1,301,000)	—	9,750,000
	2011	11,526,000	325,000	—	(1,000,000)	—	10,851,000

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

<b>Fund name / Unit Class</b>	<b>December 31,</b>	<b>Beginning of period</b>	<b>Issued for consideration</b>	<b>Reinvestment of distributions</b>	<b>Redeemed for consideration</b>	<b>Reduced by consolidation</b>	<b>End of period</b>
<i>iShares Oil Sands Index Fund</i>							
Common Units . . . . .	2012	2,247,878	175,000	—	(622,878)	—	1,800,000
	2011	1,722,878	700,000	—	(175,000)	—	2,247,878
Advisor Class Units . . . . .	2012	355,000	25,000	—	(55,000)	—	325,000
	2011	430,000	—	—	(75,000)	—	355,000
<i>iShares S&amp;P/TSX Canadian Dividend Aristocrats Index Fund</i>							
Common Units . . . . .	2012	25,381,800	9,918,200	1,124,490	(200,000)	(1,124,490)	35,100,000
	2011	19,481,800	6,300,000	954,799	(400,000)	(954,799)	25,381,800
Advisor Class Units . . . . .	2012	4,358,000	350,000	71,898	(8,000)	(71,898)	4,700,000
	2011	3,608,000	750,000	155,887	—	(155,887)	4,358,000
Institutional Class Units . . . . .	2012	9,507	—	—	(9,507)	—	—
	2011	9,518	—	345	(11)	(345)	9,507
<i>iShares S&amp;P/TSX Canadian Preferred Share Index Fund</i>							
Common Units . . . . .	2012	45,504,000	32,411,000	—	(1,115,000)	—	76,800,000
	2011	31,154,000	14,350,000	—	—	—	45,504,000
Advisor Class Units . . . . .	2012	4,400,000	940,000	—	(140,000)	—	5,200,000
	2011	3,650,000	750,000	—	—	—	4,400,000
<i>iShares 1-5 Year Laddered Corporate Bond Index Fund</i>							
Common Units . . . . .	2012	49,330,000	24,747,000	—	(277,000)	—	73,800,000
	2011	37,900,000	13,380,000	—	(1,950,000)	—	49,330,000
Advisor Class Units . . . . .	2012	5,900,000	950,000	—	(100,000)	—	6,750,000
	2011	4,600,000	1,300,000	—	—	—	5,900,000
<i>iShares 1-5 Year Laddered Government Bond Index Fund</i>							
Common Units . . . . .	2012	41,728,000	12,022,000	—	(1,850,000)	—	51,900,000
	2011	29,853,000	13,875,000	—	(2,000,000)	—	41,728,000
Advisor Class Units . . . . .	2012	5,300,000	825,000	—	(1,525,000)	—	4,600,000
	2011	4,500,000	1,100,000	—	(300,000)	—	5,300,000
<i>iShares 1-10 Year Laddered Corporate Bond Index Fund</i>							
Common Units . . . . .	2012	300,000	1,360,000	—	(10,000)	—	1,650,000
	2011	—	300,000	—	—	—	300,000
Advisor Class Units . . . . .	2012	100,000	50,000	—	—	—	150,000
	2011	—	100,000	—	—	—	100,000
<i>iShares 1-10 Year Laddered Government Bond Index Fund</i>							
Common Units . . . . .	2012	345,000	1,055,000	—	(350,000)	—	1,050,000
	2011	—	375,000	—	(30,000)	—	345,000



Fund name / Unit Class	December 31,	Beginning of period	Issued for consideration	Reinvestment of distributions	Redeemed for consideration	Reduced by consolidation	End of period
Advisor Class							
Units . . . . .	2012	155,000	70,000	—	—	—	225,000
	2011	—	155,000	—	—	—	155,000
<i>iShares Premium Money Market Fund</i>							
Common Units . . . . .	2012	1,090,000	160,000	—	(150,000)	—	1,100,000
	2011	690,000	550,000	—	(150,000)	—	1,090,000
Advisor Class							
Units . . . . .	2012	50,000	—	—	(25,000)	—	25,000
	2011	50,000	—	—	—	—	50,000
<i>iShares Broad Emerging Markets Fund</i>							
Common Units . . . . .	2012	2,440,000	60,000	—	(250,000)	—	2,250,000
	2011	2,520,000	320,000	—	(400,000)	—	2,440,000
Advisor Class							
Units . . . . .	2012	315,000	10,000	—	(25,000)	—	300,000
	2011	285,000	30,000	—	—	—	315,000
<i>iShares China All-Cap Index Fund</i>							
Common Units . . . . .	2012	400,100	50,000	—	(125,100)	—	325,000
	2011	400,100	—	—	—	—	400,100
Advisor Class							
Units . . . . .	2012	50,000	—	—	(25,000)	—	25,000
	2011	50,000	—	—	—	—	50,000
<i>iShares Global Agriculture Index Fund</i>							
Common Units . . . . .	2012	11,557,000	100,000	—	(2,257,000)	—	9,400,000
	2011	10,612,000	3,320,000	—	(2,375,000)	—	11,557,000
Advisor Class							
Units . . . . .	2012	1,300,000	—	—	(225,000)	—	1,075,000
	2011	1,395,000	80,000	—	(175,000)	—	1,300,000
Institutional Class							
Units . . . . .	2012	—	—	—	—	—	—
	2011	39,930	—	—	(39,930)	—	—
<i>iShares Global Infrastructure Index Fund</i>							
Common Units . . . . .	2012	1,295,000	50,000	—	(620,000)	—	725,000
	2011	1,405,000	200,000	34,234	(310,000)	(34,234)	1,295,000
Advisor Class							
Units . . . . .	2012	87,500	—	—	(12,500)	—	75,000
	2011	75,000	12,500	1,977	—	(1,977)	87,500
<i>iShares Global Real Estate Index Fund</i>							
Common Units . . . . .	2012	916,000	534,000	—	—	—	1,450,000
	2011	1,756,000	300,000	—	(1,140,000)	—	916,000
Advisor Class							
Units . . . . .	2012	25,000	416,000	—	(391,000)	—	50,000
	2011	25,000	—	—	—	—	25,000

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

<b>Fund name / Unit Class</b>	<b>December 31,</b>	<b>Beginning of period</b>	<b>Issued for consideration</b>	<b>Reinvestment of distributions</b>	<b>Redeemed for consideration</b>	<b>Reduced by consolidation</b>	<b>End of period</b>
<i>iShares International Fundamental Index Fund</i>							
Common Units . . . . .	2012	9,351,672	1,219,760	—	(271,432)	—	10,300,000
	2011	7,976,672	1,500,000	—	(125,000)	—	9,351,672
Advisor Class							
Units . . . . .	2012	895,000	—	—	(145,000)	—	750,000
	2011	870,000	25,000	—	—	—	895,000
Institutional Class							
Units . . . . .	2012	19,342	—	—	(19,342)	—	—
	2011	395,637	—	2,324	(378,619)	—	19,342
<i>iShares S&amp;P Global Water Index Fund</i>							
Common Units . . . . .	2012	1,648,000	17,000	—	(240,000)	—	1,425,000
	2011	2,018,000	40,000	—	(410,000)	—	1,648,000
Advisor Class							
Units . . . . .	2012	162,000	8,000	—	(20,000)	—	150,000
	2011	162,000	—	—	—	—	162,000
Institutional Class							
Units . . . . .	2012	—	—	—	—	—	—
	2011	58,114	—	397	(58,511)	—	—
<i>iShares S&amp;P/TSX Global Mining Index Fund</i>							
Common Units . . . . .	2012	2,067,000	150,000	—	(617,000)	—	1,600,000
	2011	2,402,000	425,000	—	(760,000)	—	2,067,000
Advisor Class							
Units . . . . .	2012	262,900	—	—	(112,900)	—	150,000
	2011	277,900	85,000	—	(100,000)	—	262,900
<i>iShares BRIC Index Fund</i>							
Common Units . . . . .	2012	9,116,995	—	—	(1,166,995)	—	7,950,000
	2011	10,513,995	353,000	—	(1,750,000)	—	9,116,995
Advisor Class							
Units . . . . .	2012	800,000	—	—	(200,000)	—	600,000
	2011	1,000,000	50,000	—	(250,000)	—	800,000
Institutional Class							
Units . . . . .	2012	1	—	—	(1)	—	—
	2011	103,561	1	—	(103,561)	—	1
<i>iShares Japan Fundamental Index Fund (CAD-Hedged)</i>							
Common Units . . . . .	2012	1,646,675	3,325	—	(300,000)	—	1,350,000
	2011	1,197,055	1,286,620	—	(837,000)	—	1,646,675
Advisor Class							
Units . . . . .	2012	77,687	—	—	(52,687)	—	25,000
	2011	47,687	30,000	—	—	—	77,687
<i>iShares S&amp;P US Dividend Growers Index Fund (CAD-Hedged)</i>							
Common Units . . . . .	2012	950,000	5,950,000	164,892	—	(164,892)	6,900,000
	2011	—	950,000	5,020	—	(5,020)	950,000
Advisor Class							
Units . . . . .	2012	100,000	1,000,000	12,625	(400,000)	(12,625)	700,000
	2011	—	100,000	447	—	(447)	100,000



<b>Fund name / Unit Class</b>	<b>December 31,</b>	<b>Beginning of period</b>	<b>Issued for consideration</b>	<b>Reinvestment of distributions</b>	<b>Redeemed for consideration</b>	<b>Reduced by consolidation</b>	<b>End of period</b>
<i>iShares US Fundamental Index Fund</i>							
CAD-hedged							
Common Units . . . .	2012	7,312,854	353,517	217,337	(1,266,371)	(217,337)	6,400,000
	2011	6,457,854	855,000	—	—	—	7,312,854
CAD-hedged Advisor							
Class Units . . . . .	2012	881,659	—	25,437	(81,659)	(25,437)	800,000
	2011	861,659	20,000	—	—	—	881,659
CAD-hedged Institutional							
Class Units . . . . .	2012	150,217	—	—	(150,217)	—	—
	2011	680,428	—	1,986	(532,197)	—	150,217
Non-hedged							
Common Units . . . .	2012	1,615,000	1,985,000	18,379	—	(18,379)	3,600,000
	2011	605,000	1,030,000	—	(20,000)	—	1,615,000
Non-hedged Advisor							
Class Units . . . . .	2012	200,000	75,000	1,686	—	(1,686)	275,000
	2011	85,000	115,000	—	—	—	200,000
Non-hedged Institutional							
Class Units . . . . .	2012	144,702	—	—	(144,702)	—	—
	2011	171,663	127,237	777	(154,975)	—	144,702
<i>iShares Gold Bullion Fund</i>							
Hedged Units . . . . .	2012	39,056,301	2,000,000	992,010	(2,556,301)	(992,010)	38,500,000
	2011	38,056,301	5,500,000	—	(4,500,000)	—	39,056,301
Non-hedged Units . . .	2012	2,000,000	557,000	—	(57,000)	—	2,500,000
	2011	—	2,000,000	—	—	—	2,000,000
<i>iShares Silver Bullion Fund</i>							
Hedged Units . . . . .							
	2012	6,445,559	—	—	(695,559)	—	5,750,000
	2011	4,837,335	1,818,024	—	(209,800)	—	6,445,559
Non-hedged Units . . .	2012	2,887,166	—	—	(637,166)	—	2,250,000
	2011	—	2,887,166	—	—	—	2,887,166
<i>iShares Balanced Growth CorePortfolio™ Fund</i>							
Common Units . . . . .	2012	856,000	284,000	—	(40,000)	—	1,100,000
	2011	806,000	150,000	—	(100,000)	—	856,000
Advisor Class Units . . . . .	2012	545,000	25,000	—	(145,000)	—	425,000
	2011	545,000	—	—	—	—	545,000
<i>iShares Balanced Income CorePortfolio™ Fund</i>							
Common Units . . . . .	2012	1,940,000	835,000	20,485	—	(20,485)	2,775,000
	2011	1,300,000	640,000	—	—	—	1,940,000
Advisor Class Units . . . . .	2012	780,000	—	—	(80,000)	—	700,000
	2011	795,000	60,000	—	(75,000)	—	780,000

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

<u>Fund name / Unit Class</u>	<u>December 31,</u>	<u>Beginning of period</u>	<u>Issued for consideration</u>	<u>Reinvestment of distributions</u>	<u>Redeemed for consideration</u>	<u>Reduced by consolidation</u>	<u>End of period</u>
<i>iShares Canadian Financial Monthly Income Fund</i>							
Common Units . . . . .	2012	9,372,000	7,378,000	—	(50,000)	—	16,700,000
	2011	3,325,000	6,047,000	—	—	—	9,372,000
Advisor Class Units . . . . .	2012	20,334,556	650,000	—	(2,184,556)	—	18,800,000
	2011	22,019,556	165,000	—	(1,850,000)	—	20,334,556
<i>iShares Advantaged Canadian Bond Index Fund</i>							
Common Units . . . . .	2012	5,160,000	2,940,000	—	(300,000)	—	7,800,000
	2011	3,660,000	1,500,000	—	—	—	5,160,000
Advisor Class Units . . . . .	2012	500,000	50,000	—	(50,000)	—	500,000
	2011	500,000	—	—	—	—	500,000
<i>iShares Advantaged Convertible Bond Index Fund</i>							
Common Units . . . . .	2012	425,000	3,175,000	—	—	—	3,600,000
	2011	—	425,000	—	—	—	425,000
Advisor Class Units . . . . .	2012	125,000	325,000	—	—	—	450,000
	2011	—	125,000	—	—	—	125,000
<i>iShares Advantaged Short Duration High Income Fund</i>							
U.S. \$ Common Units . . . . .	2012	535,000	865,000	—	—	—	1,400,000
	2011	—	535,000	—	—	—	535,000
U.S. \$ Advisor Class Units . . . . .	2012	95,000	80,000	—	—	—	175,000
	2011	—	95,000	—	—	—	95,000
CAD-hedged Common Units . . . . .	2012	8,275,000	4,225,000	—	—	—	12,500,000
	2011	—	8,275,000	—	—	—	8,275,000
CAD-hedged Advisor Class Units . . . . .	2012	910,000	490,000	—	—	—	1,400,000
	2011	—	910,000	—	—	—	910,000
<i>iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)</i>							
Common Units . . . . .	2012	13,210,000	9,290,000	—	(700,000)	—	21,800,000
	2011	5,875,000	7,535,000	—	(200,000)	—	13,210,000
Advisor Class Units . . . . .	2012	1,390,000	760,000	—	(50,000)	—	2,100,000
	2011	675,000	715,000	—	—	—	1,390,000



<u>Fund name / Unit Class</u>	<u>December 31,</u>	<u>Beginning of period</u>	<u>Issued for consideration</u>	<u>Reinvestment of distributions</u>	<u>Redeemed for consideration</u>	<u>Reduced by consolidation</u>	<u>End of period</u>
<i>iShares Broad Commodity Index Fund (CAD-Hedged)</i>							
Common Units . . . . .	2012	1,900,000	2,738,372	—	(1,188,372)	—	3,450,000
	2011	1,000,000	1,325,000	—	(425,000)	—	1,900,000
Advisor Class Units . . . . .	2012	125,000	66,845	—	(91,845)	—	100,000
	2011	50,000	75,000	—	—	—	125,000
<i>iShares Global Monthly Advantaged Dividend Index Fund</i>							
Common Units . . . . .	2012	7,608,300	1,529,530	—	(537,830)	—	8,600,000
	2011	5,447,500	2,160,800	—	—	—	7,608,300
Advisor Class Units . . . . .	2012	1,285,364	25,000	—	(110,364)	—	1,200,000
	2011	1,385,364	—	—	(100,000)	—	1,285,364
Institutional Class Units . . . . .	2012	33,693	—	—	(33,693)	—	—
	2011	33,732	—	—	(39)	—	33,693
<i>iShares Managed Futures Index Fund</i>							
Common Units . . . . .	2012	2,500	200,000	—	—	—	202,500
	2011	2,500	—	—	—	—	2,500
Advisor Class Units . . . . .	2012	—	50,000	—	—	—	50,000

## 7. Distributions

In accordance with the Funds' Declaration of Trust, unitholders may receive the following distributions:

- income
- capital gains
- return of capital

If distributions, other than through the Distribution Reinvestment Plan, are reinvested in additional units, these units will be immediately consolidated such that the number of outstanding units following the distribution will equal the number of outstanding units prior to the distribution. Such distributions increase the adjusted cost base of the unitholder.

## 8. Loan Facility

The iShares Canadian Financial Monthly Income Fund has a loan facility with a major Canadian financial institution. Under the terms of its revolving loan facility, the Fund is authorized to borrow an amount not exceeding the lesser of \$30 million or 15% of its net asset value at the prime rate of interest or the banker's acceptance rate plus a fixed percentage for various purposes including purchasing additional securities for the Fund's portfolio and for working capital. The outstanding balance of the loan facility as at December 31, 2012 was \$12,957,073 at a bankers' acceptance rate of 1.16% with a maturity of February 16, 2013. The bankers' acceptance had a face value of \$13 million and will be renewed at maturity.

During the year ended December 31, 2012, the average amount of borrowings was \$12,980,837 and the minimum and maximum borrowings were \$12,957,073 and \$13 million, respectively.

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

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**9. Related party transactions**

**Management fees**

In accordance with the Funds' Declaration of Trust, BlackRock Canada is entitled to receive a fee for acting as trustee and manager of each of the Funds ("management fee") determined as a percentage per annum of the Net Asset Value of such Fund. In addition, BlackRock Canada and/or its affiliates are entitled to receive a fee for acting as trustee or manager of each iShares exchange-traded fund in which a Fund invests ("underlying product fees"). The management fees paid directly to BlackRock Canada by each 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 certain Funds are calculated and accrued daily and are paid not less than monthly.

**Service fees**

In accordance with the Funds' Declarations of Trust, BlackRock Canada, in its capacity as the Funds' trustee and manager, is entitled to collect from Advisor Class unitholders, a service fee paid to registered dealers whose clients hold Advisor Class Units of the Fund, determined as a percentage per annum of the Net Asset Value per Advisor Class Units of such Fund. The service fee is paid at the end of each calendar quarter and is calculated based on the daily Net Asset Value of the Advisor Class Units held by the registered dealer during the quarterly period.

The table below includes i.) the total annual management fees BlackRock Canada is entitled to receive, which, with the exception of iShares Balanced Growth CorePortfolio™ Fund and iShares Balanced Income CorePortfolio™ Fund, take into account underlying product fees paid indirectly to BlackRock Canada and/or its affiliates by the Funds and ii.) annual service fees paid directly to BlackRock Canada.

Fund name	Total annual management fees (%)	Advisor Class Units – Service fees (%)
iShares Canadian Fundamental Index Fund	0.65	0.75
iShares Equal Weight Banc & Lifeco Fund	0.55	0.75
iShares Oil Sands Index Fund	0.60	0.75
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund	0.60	0.75
iShares S&P/TSX Canadian Preferred Share Index Fund	0.45	0.50
iShares 1-5 Year Laddered Corporate Bond Index Fund	0.25	0.50
iShares 1-5 Year Laddered Government Bond Index Fund	0.15	0.50
iShares 1-10 Year Laddered Corporate Bond Index Fund	0.25	0.50
iShares 1-10 Year Laddered Government Bond Index Fund	0.15	0.50
iShares Premium Money Market Fund	0.25	0.25
iShares Broad Emerging Markets Fund	0.65	0.75
iShares China All-Cap Index Fund	0.70 <sup>(a)</sup>	0.75
iShares Global Agriculture Index Fund	0.65	0.75
iShares Global Infrastructure Index Fund	0.65	0.75
iShares Global Real Estate Index Fund	0.65	0.75
iShares International Fundamental Index Fund	0.65	0.75
iShares S&P Global Water Index Fund	0.60	0.75
iShares S&P/TSX Global Mining Index Fund	0.55	0.75
iShares BRIC Index Fund	0.60	0.75
iShares Japan Fundamental Index Fund (CAD-Hedged)	0.65	0.75
iShares S&P US Dividend Growers Index Fund (CAD-Hedged)	0.60	0.75
iShares US Fundamental Index Fund	0.65	0.75
iShares Gold Bullion Fund	0.50	—
iShares Silver Bullion Fund	0.60	—
iShares Balanced Growth CorePortfolio™ Fund	0.25 <sup>(b)</sup>	1.00
iShares Balanced Income CorePortfolio™ Fund	0.25 <sup>(c)</sup>	1.00
iShares Canadian Financial Monthly Income Fund	0.65	0.75
iShares Advantaged Canadian Bond Index Fund	0.30	0.50
iShares Advantaged Convertible Bond Index Fund	0.45	0.50
iShares Advantaged Short Duration High Income Fund	0.55	0.50
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)	0.50	0.50
iShares Broad Commodity Index Fund (CAD-Hedged)	0.80	0.75
iShares Global Monthly Advantaged Dividend Index Fund	0.60 <sup>(d)</sup>	0.75
iShares Managed Futures Index Fund	0.95	0.75

<sup>(a)</sup> During the year ended December 31, 2012 the Fund indirectly paid management fees for investment in an unaffiliated underlying fund representing 0.70% of the average daily Net Asset Value of the Fund. The Fund paid no management fee to BlackRock Canada or its affiliates.

<sup>(b)</sup> For the year-ended December 31, 2012, the Fund also indirectly paid underlying product fees of \$136,846 to BlackRock Canada and/or its affiliate representing 0.62% of the average daily Net Asset Value of the Fund.

<sup>(c)</sup> For the year-ended December 31, 2012, the Fund also indirectly paid underlying product fees of \$273,326 to BlackRock Canada and/or its affiliate representing 0.44% of the average daily Net Asset Value of the Fund.

<sup>(d)</sup> During the year ended December 31, 2012 the Fund indirectly paid management fees for investments in unaffiliated underlying funds representing 0.63% of the average daily Net Asset Value of the Fund. The Fund paid BlackRock Canada \$79,836 representing 0.05% of the average daily Net Asset Value of the Fund for currency hedging services.

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

**Related party holdings**

Certain Funds replicate the performance of the applicable index by investing primarily in funds managed by BlackRock Canada and/or its affiliate that track the applicable index and some Funds may hedge any resulting non-Canadian currency exposure. The Funds' current holdings of the affiliated underlying funds are shown in the applicable Fund's Statement of Investments.

**Sub-adviser**

BlackRock Canada has appointed its affiliate, BTC, as the sub-adviser of certain of the Funds. As compensation for its services as sub-adviser, BlackRock Canada pays BTC a portion of the management fee paid by these Funds to BlackRock Canada.

**10. Securities lending**

The Funds may lend securities to securities borrowers acceptable to the Funds pursuant to the terms of a securities lending agreement between the Funds and any such borrower under which: (i) the borrower will pay to the Funds a negotiated securities lending fee and will make compensation payments to the Funds equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Act (as defined under "Canadian Federal Income Tax Considerations"); and (iii) the Funds will receive collateral security. The securities lending agent is responsible for the ongoing administration of the securities loans, including the obligation to mark to market the collateral on a daily basis. During the periods ended December 31, 2012 and 2011 the Funds entered into a securities lending program with CIBC Mellon Trust Company which was discontinued December 1, 2012. Effective January 14, 2013, the Funds changed securities lending agent from CIBC Mellon Global Securities Services Company to BTC, an affiliate of BlackRock Canada.

The Funds require collateral in the form of obligations of, or guaranteed by, the Government of Canada or a province thereof or the United States Government or its agencies or instrumentalities that have an aggregate value of not less than 102% of the fair value of the loaned securities. The collateral is marked to market daily; however, the applicable Funds would be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities and the collateral received is insufficient to reconstitute the portfolio of loaned securities. The trustee assesses the credit-worthiness of each borrower and acts promptly to demand payment from any borrower in realizing any collateral. The Funds received domestic and foreign government bonds and money market securities as collateral which are held by the lending agents. As at December 31, 2012, the Funds had no securities on loan. The fair value of securities on loan and the fair value of the associated collateral as at December 31, 2011 were as follows:

**As at December 31, 2011**

Fund name	Fair value of securities on loan (\$) <sup>(a)</sup>	Fair value of collateral (\$) <sup>(a)</sup>
iShares Canadian Fundamental Index Fund . . . . .	95,597,545	97,878,997
iShares Equal Weight Banc & Lifeco Fund . . . . .	49,219,472	50,529,044
iShares Oil Sands Index Fund . . . . .	3,331,250	3,504,961
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund . . . . .	59,893,811	63,284,887
iShares S&P/TSX Canadian Preferred Share Index Fund . . . . .	91,447,367	20,531,343
iShares 1-5 Year Laddered Corporate Bond Index Fund . . . . .	48,720,587	51,521,662

**As at December 31, 2011**

<b>Fund name</b>	<b>Fair value of securities on loan (\$) <sup>(a)</sup></b>	<b>Fair value of collateral (\$) <sup>(a)</sup></b>
iShares 1-5 Year Laddered Government Bond Index Fund . . . . .	418,242,538	441,240,205
iShares 1-10 Year Laddered Government Bond Index Fund . . . . .	1,174,176	1,238,082
iShares Premium Money Market Fund . . . . .	4,244,765	4,490,281
iShares China All-Cap Index Fund . . . . .	1,284,658	1,355,597
iShares Global Agriculture Index Fund . . . . .	10,543,074	11,131,649
iShares Global Infrastructure Index Fund . . . . .	713,784	751,565
iShares Global Real Estate Index Fund . . . . .	1,916,105	2,030,408
iShares International Fundamental Index Fund . . . . .	3,969,373	4,246,108
iShares S&P Global Water Index Fund . . . . .	2,626,350	2,799,329
iShares S&P/TSX Global Mining Index Fund . . . . .	9,327,352	9,848,287
iShares BRIC Index Fund . . . . .	40,337,800	42,511,594
iShares Japan Fundamental Index Fund (CAD-Hedged) . . . . .	720,521	759,441
iShares S&P US Dividend Growers Index Fund (CAD-Hedged) . . . . .	4,222,290	4,456,212
iShares US Fundamental Index Fund . . . . .	15,957,520	16,922,339
iShares Balanced Growth CorePortfolio™ Fund . . . . .	1,102,033	1,167,133
iShares Balanced Income CorePortfolio™ Fund . . . . .	10,447,391	11,000,649
iShares Canadian Financial Monthly Income Fund . . . . .	14,362,546	15,220,467

<sup>(a)</sup> Valued at closing prices.

**11. Loss carry-forwards**

Capital losses for income tax purposes may be carried forward indefinitely to be applied against capital gains realized in future years. Non-capital losses that arose in taxation years after 2006 are available to be carried forward for twenty years and applied against future taxable income. The following Funds had capital loss carry-forwards and non-capital losses for income tax purposes as at December 15, 2012, tax year-end.

<b>Fund name</b>	<b>Capital loss carry-forwards (\$)</b>	<b>Non-capital loss carry-forwards</b>	
		<b>Amount (\$)</b>	<b>Expiry year</b>
iShares Oil Sands Index Fund . . . . .	10,315,670	—	
iShares 1-5 Year Laddered Corporate Bond Index Fund . . . . .	17,153,924	—	
iShares 1-5 Year Laddered Government Bond Index Fund . . . . .	17,266,411	—	
iShares 1-10 Year Laddered Corporate Bond Index Fund . . . . .	71,429	—	
iShares 1-10 Year Laddered Government Bond Index Fund . . . . .	108,181	—	
iShares Broad Emerging Markets Fund . . . . .	4,669,358	—	
iShares China All-Cap Index Fund . . . . .	518,246	—	
iShares Global Agriculture Index Fund . . . . .	29,196,946	—	
iShares Global Infrastructure Index Fund . . . . .	78,856	—	
iShares Global Real Estate Index Fund . . . . .	923,985	—	
iShares International Fundamental Index Fund . . . . .	4,117,039	—	
iShares S&P Global Water Index Fund . . . . .	10,297,164	—	

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

Fund name	Capital loss carry-forwards (\$)	Non-capital loss carry-forwards	
		Amount (\$)	Expiry year
iShares S&P/TSX Global Mining Index Fund . . . . .	1,845,973	—	
iShares BRIC Index Fund . . . . .	8,487,394	—	
iShares Japan Fundamental Index Fund (CAD-Hedged) . . . . .	7,884,643	—	
iShares Silver Bullion Fund . . . . .	—	<u>173,545</u>	2031
iShares Balanced Growth CorePortfolio™ Fund . . . . .	658,339	—	
iShares Canadian Financial Monthly Income Fund . . . . .	28,183,040	—	
iShares Advantaged Canadian Bond Index Fund . . . . .	564,269	170,005	2031
		<u>533,485</u>	2032
		<u>703,490</u>	
iShares Advantaged Convertible Bond Index Fund . . . . .	6,512	18,208	2031
		<u>96,571</u>	2032
		<u>114,779</u>	
iShares Advantaged Short Duration High Income Fund . . . . .	44,023	558,176	2031
		<u>1,433,189</u>	2032
		<u>1,991,365</u>	
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged) . . . . .	—	<u>1,196,457</u>	2032
iShares Broad Commodity Index Fund (CAD-Hedged) . . . . .	147,717	419,301	2031
		<u>86,834</u>	2032
		<u>506,135</u>	
iShares Global Monthly Advantaged Dividend Index Fund . . . . .	3,547,171	<u>267,194</u>	2031
iShares Managed Futures Index Fund . . . . .	—	<u>26,023</u>	2032

**12. Suspended losses**

The Funds are subject to suspended loss rules contained in subsections 40(3.3) and 40(3.4) of the Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the Fund acquires a property (“substituted property”) that is the same or identical to the property sold, within 30 days before and 30 days after the disposition and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund’s capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

As at December 15, 2012, tax year-end, the following Funds had suspended losses:

<b>Fund name</b>	<b>Suspended losses (\$)</b>
iShares Canadian Fundamental Index Fund	3,172,897
iShares Equal Weight Banc & Lifeco Fund	3,253,260
iShares Oil Sands Index Fund	1,928,527
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund	2,635,793
iShares S&P/TSX Canadian Preferred Share Index Fund	2,604,181
iShares 1-5 Year Laddered Corporate Bond Index Fund	46,113
iShares 1-5 Year Laddered Government Bond Index Fund	706,906
iShares 1-10 Year Laddered Corporate Bond Index Fund	1,027
iShares 1-10 Year Laddered Government Bond Index Fund	2,257
iShares Broad Emerging Markets Fund	135,085
iShares Global Agriculture Index Fund	12,836,099
iShares Global Infrastructure Index Fund	1,052,682
iShares Global Real Estate Index Fund	2,823,455
iShares International Fundamental Index Fund	3,628,664
iShares S&P Global Water Index Fund	1,458,384
iShares S&P/TSX Global Mining Index Fund	6,150,553
iShares BRIC Index Fund	24,145,406
iShares Japan Fundamental Index Fund (CAD-Hedged)	4,236,509
iShares S&P US Dividend Growers Index Fund (CAD-Hedged)	604,036
iShares US Fundamental Index Fund	8,831,720
iShares Balanced Growth CorePortfolio™ Fund	121,768
iShares Balanced Income CorePortfolio™ Fund	24,888
iShares Canadian Financial Monthly Income Fund	3,493,342
iShares Advantaged Canadian Bond Index Fund	1,033
iShares Advantaged Short Duration High Income Fund	10,670

### 13. Brokerage commissions

For the years ended December 31, 2012 and 2011, certain Funds paid the following brokerage commissions:

<b>Fund name</b>	<b>2012 (\$)</b>	<b>2011 (\$)</b>
iShares Canadian Fundamental Index Fund	32,336	68,646
iShares Equal Weight Banc & Lifeco Fund	3,223	5,203
iShares Oil Sands Index Fund	2,249	35,560
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund	106,419	286,963
iShares S&P/TSX Canadian Preferred Share Index Fund	290,084	165,485
iShares 1-10 Year Laddered Corporate Bond Index Fund	3,392	—
iShares 1-10 Year Laddered Government Bond Index Fund	7,141	—
iShares Broad Emerging Markets Fund	66,868	159,986
iShares China All-Cap Index Fund	220	29
iShares Global Agriculture Index Fund	36,298	71,593
iShares Global Infrastructure Index Fund	6,210	10,543
iShares Global Real Estate Index Fund	19,904	21,687
iShares International Fundamental Index Fund	47,060	63,968
iShares S&P Global Water Index Fund	13,863	12,949

**Notes to Financial Statements (continued)**  
**For the Periods Ended December 31, 2012 and 2011**

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Fund name	2012 (\$)	2011 (\$)
iShares S&P/TSX Global Mining Index Fund .....	887	8,200
iShares BRIC Index Fund .....	41,113	56,301
iShares Japan Fundamental Index Fund (CAD-Hedged) .....	3,885	11,892
iShares S&P US Dividend Growers Index Fund (CAD-Hedged) .....	5,026	1,810
iShares US Fundamental Index Fund .....	26,903	29,742
iShares Balanced Growth CorePortfolio™ Fund .....	2,847	3,933
iShares Balanced Income CorePortfolio™ Fund .....	10,723	5,815
iShares Canadian Financial Monthly Income Fund .....	23,871	35,289

**14. Comparative figures**

Certain comparative figures have been reclassified to conform to the current period's financial statement presentation.



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## Independent Auditor's Report

### To the Unitholders and Trustee of

iShares Canadian Fundamental Index Fund  
iShares Equal Weight Banc & Lifeco Fund  
iShares Oil Sands Index Fund  
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund  
iShares S&P/TSX Canadian Preferred Share Index Fund  
iShares 1-5 Year Laddered Corporate Bond Index Fund  
iShares 1-5 Year Laddered Government Bond Index Fund  
iShares 1-10 Year Laddered Corporate Bond Index Fund  
iShares 1-10 Year Laddered Government Bond Index Fund  
iShares Premium Money Market Fund  
iShares Broad Emerging Markets Fund  
iShares China All-Cap Index Fund  
iShares Global Agriculture Index Fund  
iShares Global Infrastructure Index Fund  
iShares Global Real Estate Index Fund  
iShares International Fundamental Index Fund  
iShares S&P Global Water Index Fund  
iShares S&P/TSX Global Mining Index Fund  
iShares BRIC Index Fund  
iShares Japan Fundamental Index Fund (CAD-Hedged)  
iShares S&P US Dividend Growers Index Fund (CAD-Hedged)  
iShares US Fundamental Index Fund  
iShares Gold Bullion Fund  
iShares Silver Bullion Fund  
iShares Balanced Growth CorePortfolio™ Fund  
iShares Balanced Income CorePortfolio™ Fund  
iShares Canadian Financial Monthly Income Fund  
iShares Advantaged Canadian Bond Index Fund  
iShares Advantaged Convertible Bond Index Fund  
iShares Advantaged Short Duration High Income Fund  
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)  
iShares Broad Commodity Index Fund (CAD-Hedged)  
iShares Global Monthly Advantaged Dividend Index Fund  
iShares Managed Futures Index Fund  
(collectively the Funds)

We have audited the accompanying financial statements of each of the Funds, which comprise the statements of investment portfolio and net assets as at December 31, 2012, and the statements of operations, cash flows, where applicable, and changes in net assets for the year or period then ended, as applicable, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements of each of the Funds based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2012, and the result of each of their operations, their cash flows, where applicable, and the changes in each of their net assets for the year or period then ended (as applicable) in accordance with Canadian generally accepted accounting principles.

### **Other Matters**

The financial statements of the Funds as at and for the year or period ended December 31, 2011, as applicable, were audited by another auditor who expressed an unmodified opinion on those statements on March 29, 2012.

*PricewaterhouseCoopers LLP*

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario  
March 15, 2013

**For more information visit [www.iShares.ca](http://www.iShares.ca)  
or call 1-866-iShares (1-866-474-2737)**

Copies of the Prospectus and recent unitholder reports can be found on our website at [www.iShares.ca](http://www.iShares.ca).

Additional information about the Funds' investments is available in the Funds' Annual and Semi-Annual reports to unitholders.

If you have any questions about the units of the Funds or you wish to obtain the Annual or Semi-Annual report free of charge, please:

Call: 1-866-iShares (1-866-474-2737) (Toll free)  
Monday through Friday, 8:30 a.m. to 6:30 p.m. (Eastern Time)

Email: [iSharesCanada@blackrock.com](mailto:iSharesCanada@blackrock.com)

Write: iShares ETF  
c/o BlackRock Asset Management Canada Limited  
161 Bay Street, Suite 2500  
P.O. Box 614  
Toronto, ON M5J 2S1

Additional information about the iShares® Funds, including information about index provider licensing and trademark matters, can be found in the relevant fund's prospectus, available at [www.iShares.ca](http://www.iShares.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

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