

ENHANCEMENTS TO DUBLIN iSHARES DIVIDEND CYCLE

Effective for distributions being paid October 2015 onwards

iShares[®]
by **BLACKROCK**[®]

OCTOBER 2015

As part of an ongoing commitment to maintain and review the iShares range of funds the iShares business is pleased to announce important enhancements that are being made to the distribution cycle of the Dublin domiciled iShares range of distributing funds.

What is happening?

- ▶ Reducing timeline between ex-date and pay date from the current 15 business day cycle to an 8-12 business day cycle.
- ▶ Moving the ex-date to the same calendar month as the pay date.
- ▶ Moving calculation date to the last business day of the month.
- ▶ Please note, as a result of these enhancements the announcement, ex and record dates will change going forward and all occur within the same month. For example, if a fund historically announced a distribution and went ex in October, with payment in November, the announcement, record, ex and pay dates will all occur in November going forward.

Benefits to clients

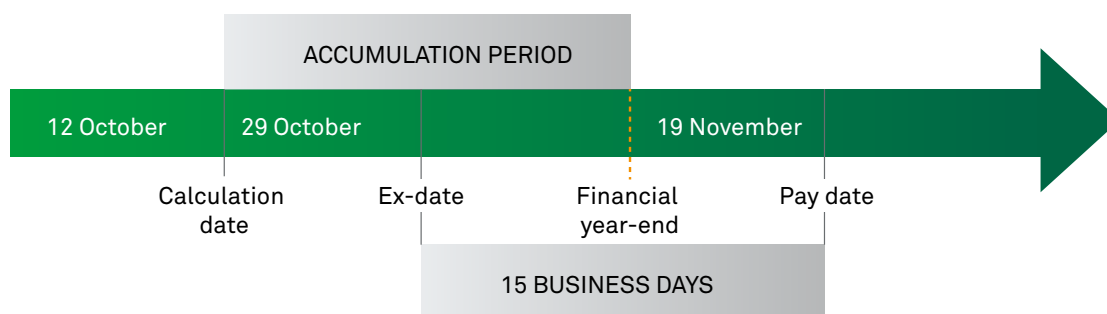
- ▶ By reducing the timelines between ex-date and pay date investors are able to receive their dividend payments quicker.
- ▶ Having the ex-date and pay date in the same month addresses performance reporting issues where performance may be calculating on a received basis.
- ▶ Under the current model, all income accrued between calculation date and year-end will be taxable for UK, Austrian and German investors as 'accumulated' or 'excess reportable' income. The future model does not have this accumulation period as the calculation date is equal to the year-end. This should result in a reduced accumulated or excess reportable income for these investors.
- ▶ German investors in most cases will no longer need to manually file tax returns in relation to accumulated income, resulting in reduced administration. Any accumulated income will usually be rolled up into the distribution after year-end.

Accumulated income example

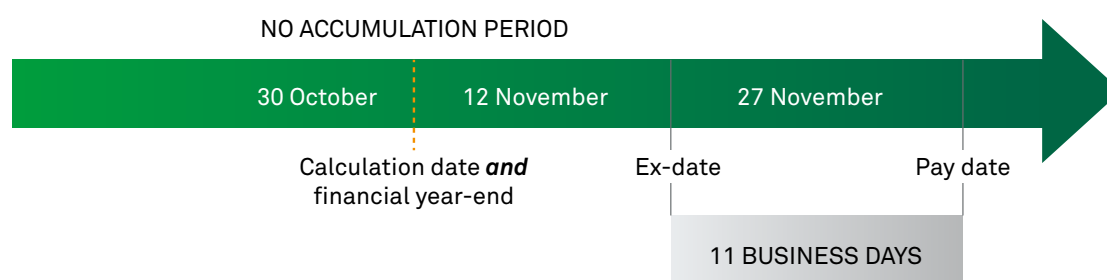
Simplified based on fund accounting figures without any tax adjustments.

	CURRENT MODEL	FUTURE MODEL
Fund accounting income	500	500
Distributed income	400	500
Residual accumulated income	100	0

CURRENT MODEL



FUTURE MODEL



Definitions

- ▶ **Calculation date:** Date at which income for current distribution is determined.
- ▶ **Ex-date:** Date at which fund value drops by the distribution amount (must be a Thursday).
- ▶ **Pay date:** Date on which the dividend is paid to investors.
- ▶ **Income accrued:** Dividends and interest earned by the fund less expenses.
- ▶ **Excess reportable income:** Taxable income that has not been distributed.
- ▶ **Distributing fund:** Dividend proceeds received are paid out from the fund.

The new model will also continue to provide the same tax reporting which is undertaken today.

Exceptions

(Some of the funds below may not be available for distribution in your region)

The following funds will retain the current model due to a different income accrual cycle:

- ▶ iShares MSCI Japan UCITS ETF (Dist) - IE00B02KXH56
- ▶ iShares MSCI Europe ex-UK GBP Hedged UCITS ETF - IE00BVDJP67
- ▶ iShares FTSEurofirst 80 UCITS ETF - IE0004855221
- ▶ iShares FTSEurofirst 100 UCITS ETF - IE0030974079
- ▶ iShares Euro Corporate Bond Interest Rate Hedged UCITS ETF - IE00B6X2VY59

These funds continue to have their ex-date before year-end and subsequently three or six months after year-end.

Shortened timeline (22 business days between calculation and pay date, 8-12 days between ex-date and pay date) will apply nonetheless.

For any further information please contact your local iShares representative.

Want to know more?

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