

2017年6月期 決算短信 (2016年7月1日~2017年6月30日)
Earnings Report for Fiscal Year ended June 2017 (July 1, 2016 – June 30, 2017)

2017年12月4日

December 4, 2017

ファンド名	iシェアーズ 新興国債券 ETF-JDR (自国通貨 建)	上場取引所	東
コード番号	1362	売買単位	1口
連動対象指標	JP モルガン・ガバメント・ボンド・インデックス-エマージング・マーケット・グローバル・ ディバーシファイド、キャップ10%フロア1%		
主要投資資産	有価証券		
外国投資法人	iシェアーズ III パブリック・リミテッド・カンパニー		
代表者	(役職名) ディレクター	(氏名)	バリー・オドワイアー
管理会社	ブラックロック・アセット・マネジメント・アイルランド・リミテッド		
URL	http://www.blackrock.com/jp/products/271020/		
代表者	(役職名) ディレクター	(氏名)	バリー・オドワイアー
問合せ先責任者	(役職名) 代理人	(氏名)	本柳 祐介 (TEL) 03(6250)6200

Fund name:	iShares J.P. Morgan EM Local Govt Bond UCITS ETF USD (Dist)-JDR	Listed Exchange:	TSE
Code:	1362	Trading unit:	1 unit
Underlying indicator:	J.P. Morgan GBI - EM Global Diversified 10% Cap 1% Floor		
Primary invested assets:	Securities		
Foreign Investment Corporation:	iShares III Public Limited Company		
Representative:	(Title) Director	(Name)	Barry O'Dwyer
Management co.:	BlackRock Asset Management Ireland Limited		
URL:	http://www.blackrock.com/jp/products/271020/		
Representative:	(Title) Director	(Name)	Barry O'Dwyer
Contact person:	(Title) Attorney-in-Fact	(Name)	Yusuke Motoyanagi (TEL) 03(6250)6200

有価証券報告書提出予定日	2017年12月
Scheduled date of submission of securities report:	December, 2017

I ファンドの運用状況

I Fund Management

1. 2017年6月期の運用状況 (2016年7月1日~2017年6月30日)

1. Management Status for Year Ended June 2017 (from July 1, 2016 to June 30, 2017)

(1) 信託財産である外国ETFの資産内訳

(百万円未満切捨て)

(1) Assets of Trust Asset Foreign ETF

(amounts below 1 mil. yen are disregarded)

	主要投資資産 Primary Invested Assets		現金・預金・その他の資産 (負債控除後) Cash/Deposits/Other Assets (minus liabilities)		合計 (純資産) Total (Net Assets)	
	金額 Amount	構成比 ratio	金額 Amount	構成比 ratio	金額 Amount	構成比 ratio
	百万円 JPY mil.	% %	百万円 JPY mil.	% %	百万円 JPY mil.	% %
2017年6月期 FY ended June 2017	677,912	93.24	49,171	6.76	727,084	100.00
2016年6月期 FY ended June 2016	315,531	96.60	11,109	3.40	326,641	100.00

(2) 信託財産である外国ETFの設定・交換実績

(2) Creation and Redemption of Trust Asset Foreign ETF

	前計算期間末発行済口数 No. of Issued Units at End of Previous Calculation Period (①)	設定口数 No. of Units Created (②)	交換口数 No. of Units Redeemed (③)	当計算期間末発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2017年6月期 FY ended June 2017	43,586	76,077	22,197	97,466
2016年6月期 FY ended June 2016	25,947	32,553	14,914	43,586

(3) 信託財産である外国ETFの基準価額

(3) Net Asset Value of Trust Asset Foreign ETF

	総資産 Total Assets (①)	負債 Liabilities (②)	純資産 Net Assets (③(①-②))	1口当たり基準価額 Net Asset Value per unit (((③/当計算期間末発行済口数) × 1) (((③/No. of Issued Units at End of Calculation Period) × 1)
	百万円 JPY mil.	百万円 JPY mil.	百万円 JPY mil.	円 JPY
2017年6月期 FY ended June 2017	736,053	8,969	727,084	7,459.86
2016年6月期 FY ended June 2016	327,332	690	326,641	7,494.09

(4) 上場外国 ETF 信託受益証券に係る設定・交換実績

(4) Creation and Redemption of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

	前計算期間末発行済口数 No. of Issued Units at End of Previous Calculation Period (①)	設定口数 No. of Units Created (②)	交換口数 No. of Units Redeemed (③)	当計算期間末発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2017年6月期 FY ended June 2017	214	20	0	234
2016年6月期 FY ended June 2016	112	102	0	214

(5) 上場外国 ETF 信託受益証券の分配金

(5) Dividend Payment of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

2017年7月期 FY ended June 2017	1口当たり分配金 Dividend per 1 unit	2016年6月期 FY ended June 2016	1口当たり分配金 Dividend per 1 unit
※	円 JPY	※	円 JPY
2016年7月15日 July 15, 2016	164	2016年1月15日 January 15, 2016	208
2017年1月13日 January 13, 2017	200		

※ 当該期間における分配のための基準日を記載しております。

※ The record dates for distributions corresponding to the relevant period are indicated.

(注) 上記(1)～(3)の表における米ドルから日本円への換算は、1米ドル=113.16円の換算率(2017年10月31日に株式会社三菱東京UFJ銀行が公表した対顧客電信売買相場の仲値)により計算されています。

(Note) Conversion from United States dollars into Japanese yen with respect to the tables in (1) through (3) above has been made at the exchange rate of \$1 = ¥113.16 (the telegraphic transfer middle exchange rate vis-à-vis customers quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. on October 31, 2017).

2. 信託財産である外国ETFの会計方針の変更

2. Change in Accounting Policies of Trust Asset Foreign ETF

- (1) 会計基準等の改正に伴う会計方針の変更 : 無
(1) Changes accompanying revision to accounting standards, etc. : No
- (2) ①以外の会計方針の変更 : 無
(2) Changes other than those in (1) : No

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IMPORTANT INFORMATION FOR JAPANESE INVESTORS

Some funds of the Company are not authorised for distribution in Japan. Therefore this report does not contain any information with regard to these funds. However, investors are being advised that some of the information in this report has been prepared on a consolidated basis and thus also includes data of those funds, which are not authorised for the distribution to unqualified investors in or from Japan.

This annual report and audited financial statements (the "Report and Accounts") may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Report and Accounts. To the extent that there is any inconsistency between the English language Report and Accounts and the Report and Accounts in another language, the English language Report and Accounts will prevail, except to the extent (and only to the extent) that it is required by law of any jurisdiction where the shares are sold, that in an action based upon disclosure in a Report and Accounts in a language other than English, the language of the Report and Accounts on which such action is based shall prevail. Any disputes as to the terms of the Report and Accounts, regardless of the language of the Report and Accounts, shall be governed by and construed in accordance with the laws of Ireland.



Independent Auditors' report to the members of iShares III plc (the "Company")

Report on the audit of the financial statements

Opinion

In our opinion, iShares III plc's financial statements:

- ▶ give a true and fair view of the Company's and Funds' (as listed on pages 1 and 2) assets, liabilities and financial position as at 30 June 2017 and of their results for the year then ended;
- ▶ have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and promulgated by the Institute of Chartered Accountants in Ireland and Irish law); and
- ▶ have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual report and audited financial statements (the "Annual Report"), which comprise:

- ▶ the Company and Funds' Balance sheets as at 30 June 2017;
- ▶ the Company and Funds' Income statements for the year then ended;
- ▶ the Company and Funds' Statements of changes in net assets attributable to redeemable participating shareholders for the financial year then ended;
- ▶ the Schedules of investments for each of the Funds as at 30 June 2017; and
- ▶ the Basis of preparation, Accounting policies, Financial instruments and risks which are presented separately and are an integral part of the notes to the financial statements.
- ▶ the Notes to the financial statements for the Company and for each of its Funds.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 July 2016 to 30 June 2017.



Independent Auditors' report to the members of iShares III plc (the "Company") (continued)

Our audit approach

Overview



Materiality

- ▶ Overall materiality: 50 basis points of Net Asset Value ("NAV") at 30 June 2017 for each of the Company's Funds.

Audit scope

- ▶ The Company is an open-ended investment company with variable capital and engages BlackRock Asset Management Ireland Limited (the "Manager") to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments within the Funds, the involvement of the third parties referred to overleaf, the accounting processes and controls, and the industry in which the Company operates. We look at each of the Funds at an individual level.

Key audit matters

- ▶ Existence of financial assets at fair value through profit or loss.
- ▶ Valuation of financial assets at fair value through profit or loss.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Existence of financial assets at fair value through profit or loss</p> <p><i>See accounting policy a) on page 54 and note 13 of the financial statements of the Company for further details.</i></p> <p>The financial assets at fair value through profit or loss included in the Balance Sheet of each Fund are held in the Fund's name at 30 June 2017.</p> <p>This is considered a key audit matter as it represents the principal element of the financial statements.</p>	<p>We obtained independent confirmation from the Depository of the investment portfolio held at 30 June 2017, agreeing the amounts held to the accounting records.</p>



Independent Auditors' report to the members of iShares III plc (the "Company") (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of financial assets at fair value through profit or loss</p> <p>See accounting policy a) on page 54 and note 13 of the financial statements of the Company for further details.</p> <p>The financial assets at fair value through profit or loss included in the Balance Sheet of each Fund at 30 June 2017 are valued at fair value in line with Generally Accepted Accounting Practice in Ireland.</p> <p>This is considered a key audit matter as it represents the principal element of the financial statements.</p>	<p>We tested the investment portfolios by independently agreeing the valuation of investments to third party vendor sources.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As at 30 June 2017 there are 30 Funds in operation and 2 Funds closed during the year. The Company's Balance sheet, Income statement and the Statement of changes in net assets attributable to redeemable participating shareholders are an aggregation of the positions and results of the 32 Funds.

The Directors control the affairs of the Company and are responsible for the overall investment policy which is determined by them. The Company engages the Manager to manage certain duties and responsibilities with regards to the day to day management of the Company.

The Manager has delegated certain responsibilities to BlackRock Advisors (UK) Limited (the 'Investment Manager') and to State Street Fund Services (Ireland) Limited (the 'Administrator'). The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Administrator. The Company has appointed State Street Custodial Services (Ireland) Limited (the "Depository") to act as Depository of the Company's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement at a Fund level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements of each of the Company's Funds as follows:

Overall materiality and how we determined it	50 basis points (2016: 50 basis points) of Net Asset Value ("NAV") at 30 June 2017 for each of the Company's Funds.
Rationale for benchmark applied	We have applied this benchmark because the main objective of the Company is to provide investors with a total return at a Fund level, taking account of the capital and income returns.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 5 basis points of each Fund's NAV, for NAV per share impacting differences (2016: 5 basis points of each Fund's NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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Chartered Accountants



Independent Auditors' report to the members of iShares III plc (the "Company") (continued)

Going concern

In accordance with ISAs (Ireland) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to going concern in accordance with Rule 9.8.6(3) of the Listing Rules of the UK Financial Conduct Authority, is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland), the Companies Act 2014 (CA14) and the Listing Rules of the UK Financial Conduct Authority (Listing Rules) require us to also report certain opinions and matters as described below (required by ISAs (Ireland) unless otherwise stated).

Directors' Report

- ▶ In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA14)
- ▶ Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report. (CA14)

Corporate Governance Statement

- ▶ In our opinion, based on the work undertaken in the course of the audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014. (CA14)

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Chartered Accountants



Independent Auditors' report to the members of iShares III plc (the "Company") (continued)

Corporate Governance Statement (continued)

- ▶ Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement. (CA14)
- ▶ In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) is contained in the Corporate Governance Statement. (CA14)

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- ▶ The Directors' confirmation on page 35 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- ▶ The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- ▶ The Directors' explanation on page 43 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- ▶ The statement given by the Directors, on page 41, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's and Funds' position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- ▶ The section of the Annual Report on pages 37 and 38 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- ▶ The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's and Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditors' report to the members of iShares III plc (the "Company") (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:
http://iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- ▶ We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- ▶ In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- ▶ The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the Directors on 22 January 2008 to audit the financial statements for the year ended 30 June 2009 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 30 June 2009 to 30 June 2017.

Vincent MacMahon
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
Ireland

25 October 2017

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Chartered Accountants

Basis of preparation

The financial statements have been prepared for the financial year ended 30 June 2017.

Statement of compliance

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland including Financial Reporting Standard ("FRS") 102, the financial reporting standard applicable in the UK and Republic of Ireland and Irish statute comprising the Companies Act 2014 and the provisions of the UCITS Regulations. Accounting standards generally accepted in Ireland in preparing financial statements which present a true and fair view are promulgated by the Institute of Chartered Accountants in Ireland (the "Institute") and issued by the Financial Reporting Council ("FRC"). Due to the special nature of the Company's business, the Directors have adapted the arrangement and headings and sub-headings of the financial statements otherwise required by Schedule 3 to the Companies Act 2014.

The Company has availed of the exemption available to open ended investment funds that hold a substantial proportion of highly liquid and fair valued investments under Section 7 of FRS 102 and is not presenting cash flow statements.

The information required by FRS 102 to be included in a statement of comprehensive income is contained in the income statement of each Fund.

Fair value measurement and recognition

On initial application of FRS 102, in accounting for its financial instruments a reporting entity is required to apply either a) the full provisions of section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments" of FRS 102, b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of Sections 11 and 12 of FRS 102; or c) the recognition and measurement provisions of IFRS 9 Financial Instruments and/or IAS 39 (as amended following the publication of IFRS 9) and only the disclosure requirements of Sections 11 and 12 of FRS 102. The Company has chosen to implement the recognition and measurement provisions of IAS 39 and only the disclosure requirements of Sections 11 and 12 of FRS 102 as they relate to financial instruments.

Fair value disclosures

The requirement for the Company to measure financial instruments at fair value and estimation of that fair value has not changed with the adoption of FRS 102. Amendment to FRS 102 "Fair value hierarchy disclosures" effective for annual financial periods beginning on or after 1 January 2017 has been early adopted. This amendment improves the consistency of fair value disclosures for financial instruments with those required by EU adopted IFRS.

Basis of measurement

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss. The Company will continue as a going concern and the financial statements of all Funds have been prepared on a going concern basis, with the exception of the financial statements of the Funds which have been prepared on a non-going concern basis.

All references to net assets throughout this document refer to net assets attributable to redeemable participating shareholders unless otherwise stated.

Functional and presentation currency

The presentation currency of the Company's financial statements is Euro. Foreign currency items included in the Funds' financial statements are measured in the Funds' functional currency which is shown in the table below.

Fund	Currency
iShares EM Local Govt Bond UCITS ETF	\$

The presentation currency of the Funds' financial statements is the same as the functional currency.

The Company's balance sheet, income statement and the statement of changes in net assets attributable to redeemable participating shareholders are an aggregation of the positions and results of the Funds.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Management also makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the actual results. Actual results may differ from these estimates and these differences could be material. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities predominantly relate to the fair value of financial instruments, as discussed in the accounting policies.

Accounting policies*

The significant accounting policies adopted by the Company are:

a) Investments

Classification of investments

The Company classifies its investments as financial assets and financial liabilities at fair value through profit or loss. The category of financial assets and financial liabilities through profit or loss comprises all financial instruments, (equities, rights, warrants, bonds, futures contracts, contracts for difference ("CFD's") and forward currency contracts), designated by the Investment Manager, at inception, as being at fair value through profit or loss. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the documented investment strategy. Derivatives are classified as held for trading.

Recognition/derecognition of investments

Purchases and sales of investments are accounted for on the date the trade transaction takes place. Investments are derecognised when the rights to receive cashflows from the investments have expired or the risks and rewards of ownership have all been substantially transferred. Realised gains and losses on disposals are calculated using the average cost method and are reflected as net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the income statement.

Initial measurement of investments

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities are presented in the income statement in the financial year in which they arise.

Valuation of investments

The estimation of fair value, after initial recognition, is determined as follows:

i) Listed investments

As at financial year end, investments which are quoted, listed, traded or dealt on a market or exchange are based on quoted prices which, for the purpose of the financial statements is in line with the valuation methodology prescribed in the Prospectus. Depending on the nature of the underlying security this could be either at the closing price, closing mid-market price or bid price on the relevant market. For financial statements purposes, prior to 1 July 2016, investments were valued at the closing bid-market price for financial assets and the closing ask market price for financial liabilities.

ii) Warrants

Warrants are financial instruments that convey the right, but not the obligation, to engage in a future transaction on an underlying security

within a certain time frame. Warrants which are quoted, listed, traded or dealt on a market or exchange are valued based on quoted prices, which, for the purpose of the financial statements are the closing bid-market price as at the financial year end date, on the relevant market or exchange which is normally the principal market or exchange for such investments.

iii) Financial derivative instruments

The Company's derivatives comprise futures contracts, CFD's and forward currency contracts and are recognised initially at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition they are measured at fair value with changes in fair value recognised in the income statement.

Where appropriate, gains and losses from certain financial derivative instruments are included in income or as net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the income statement depending on whether they are used to protect or enhance income or capital.

For further details on the types of derivatives held by the Company at financial year end please see the Glossary.

iv) Prices calculated in consultation with the Manager

A number of securities were valued by the Administrator in consultation with the Manager in the absence of financial year end vendor prices.

The total value of securities valued using a price calculated by the Investment Manager as at 30 June 2017 and 30 June 2016 is less than 1% of the net asset value of the applicable Funds. Please refer to the *Valuation of financial instruments* in section d) of *Financial Instruments and risks* for further details.

b) Income/expenses

i) Dividend income

Dividend income is recognised when the securities are declared ex-dividend. Dividend income is shown gross of any non-reclaimable withholding tax, which is disclosed separately in the income statement.

ii) Interest income/expense

Bank, cash equivalents and bond interest income and expense are accrued on a daily basis using the effective interest basis and are disclosed in the income statement as operating income and interest expense respectively.

* The accounting policies are an integral part of the notes to the financial statements.

Accounting policies* (continued)

b) Income/expenses (continued)

iii) Amortisation/accretion of premium/discounts on purchase of interest-bearing investments

Premiums or discounts on the purchase of fixed and variable interest rate investments are amortised over the life of the investment on an effective interest basis.

iv) Securities lending income

Securities lending income is earned from lending securities owned by the Fund to a number of third-party borrowers. Securities lending income is accounted for on an accruals basis.

c) Fees and expenses

Expenses are accounted for on an accruals basis with the exception of transaction charges relating to the acquisition and realisation of investments which are charged as incurred.

d) Distributions

Distributions are accounted for as finance costs in the income statement.

The Company may declare distributions for each distributing share class which will be paid out of the total income of the applicable distributing share class net of any expenses, in respect of each financial period. Dividends will normally be declared monthly, quarterly, semi-annually or such other times as the Directors deem appropriate. With the exception of iShares Core MSCI Japan IMI UCITS ETF, iShares Core MSCI World UCITS ETF, iShares Global Inflation Linked Govt Bond UCITS ETF, iShares MSCI Australia UCITS ETF, iShares MSCI EM UCITS ETF USD (Acc), iShares MSCI Europe UCITS ETF EUR (Acc) and iShares MSCI South Africa UCITS ETF all Funds are distributing.

As of 30 June 2017 and 30 June 2016, all of the Funds have adopted UK Reporting Fund Status.

Any dividend amounts which have remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company to investors and become the property of the relevant Fund.

e) Redeemable participating shares

Subscriptions and redemptions are accounted for on the day the trade transaction takes place.

Redeemable participating shares are redeemable at the option of the shareholders and are classified as financial liabilities.

f) Transaction costs

Transaction costs on purchases and sales of financial assets and financial liabilities are included in net gains/(losses) on financial assets at fair value through profit or loss in the income statement of the Fund. Separately identifiable transaction costs are disclosed in note 10 of the notes to the financial statements of the Company and in the notes to the funds.

Custody transaction costs are not separately identifiable as they form part of the total expense ratio of the Fund. The Manager is responsible for discharging all operational expenses of the Fund, see note 6 of the notes to the financial statements of the Company for more details.

g) Foreign currency

Transactions and balances

Transactions in foreign currencies are translated into the functional currency of each Fund at the foreign currency exchange rate in effect at the date of the transaction.

Subscriptions and redemptions of shares in foreign currencies are translated at the foreign currency exchange rate in effect at the date of the transaction.

Foreign currency assets and liabilities, including investments, are translated at the exchange rate prevailing at financial year end. The foreign exchange gain or loss based on the translation of the investments, as well as the gain or loss arising on the translation of other assets and liabilities, is included in net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the income statement.

For aggregation purposes, all assets and liabilities for all Funds are translated into the presentation currency of the Company, at the financial year-end exchange rate. All income, expenses and capital transactions are translated at the average rate.

h) Receivables

Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition. They are subsequently measured at amortised cost using the effective interest method less provision for impairment.

i) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between proceeds and the amount payable is recognised over the financial period of the payable using the effective interest method.

* The accounting policies are an integral part of the notes to the financial statements.

Accounting policies* (continued)

j) Cash and cash equivalents

Cash in the balance sheet includes deposits held on call with banks.

Cash equivalents includes short-term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are classified as liabilities in the balance sheet.

k) Margin cash

Cash balances held as margin with relevant brokers relating to investments in derivatives at the reporting date are included in current assets/liabilities in the balance sheet.

l) Negative yield on financial assets

Negative yield on financial assets relating to interest from a negative effective interest rate on a financial asset is accreted daily and is recognised in the income statement over the life of the underlying instrument.

m) Collateral

Cash collateral provided by the Company is identified on the balance sheet as pledged cash collateral and is not included as a component of cash and cash equivalents.

Cash collateral provided to the Company by counterparties is identified on the balance sheet as cash collateral payable. The Company may reinvest this cash collateral and the assets purchased are included in financial assets at fair value through profit or loss on the balance sheet.

n) Adjustment to align to the valuation methodology as set out in the prospectus

The accounting policy of the Company is to value its investments at the relevant fair value at the balance sheet date. Fair value is considered to be the relevant price methodology outlined in the prospectus as at 30 June 2017. Depending on the nature of the underlying security this could be either at the closing price, closing mid-market or bid price on the relevant market. As at 30 June 2016 closing bid market price was considered fair value.

Any difference between the valuation methodology stated in the financial statements and the valuation methodology indicated in the prospectus results in an adjustment.

o) Equalisation on distributions

For tax and accounting purposes, the Manager implements income and equalisation arrangements, to ensure that the level of income derived from investments is not affected by the issue, conversion or redemption of shares during the accounting period.

Equalisation income and/or expense amounts are included in note 7 in the notes to the financial statements of the Company.

p) Comparative period

Certain prior financial year figures have been reclassified to correspond to current financial year presentation.

q) Taxation

Current tax

Current tax is recognised in the income statement to the extent that it relates to items recognised directly in equity, it is the amount of income tax paid or payable in respect of the overseas taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

r) Changes in accounting policies

Nature of change in accounting estimate

The Company has changed its valuation inputs for measuring fair value for listed financial assets and liabilities, for financial statements purposes, to be in line with the valuation methodology outlined in the prospectus for the purpose of determining net asset value, as a practical expedient for measuring fair value. The change in valuation inputs is considered to be a change in estimate in accordance with FRS 102.

s) Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Company's other components, whose operating results are reviewed regularly to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

It is considered that each Fund is an operating segment which is investing in line with its investment objective. The segment information provided to the Investment Manager is the same as that disclosed in the income statement and balance sheet for each Fund.

* The accounting policies are an integral part of the notes to the financial statements.

Financial instruments and risks*

Introduction and overview

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the prospectus and supplements for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework

The Directors of the Company (the "Board") review quarterly investment performance reports and receive semi-annual presentations from the Investment Manager covering the Company's performance and risk profile during the financial year. The Directors have delegated all the powers, duties and discretions exercisable in respect of the management of the Company and of the Funds to the Manager. The Manager has in turn delegated its investment management and advisory functions to the Investment Manager. The Investment Manager is responsible for ensuring that the Company is managed within the terms of the Funds' investment guidelines and limits set out in the prospectus and supplements. The Board reserves to themselves the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Manager has appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the BlackRock Risk and Quantitative Analysis Group ("RQA Group") which is a centralised independent risk management function. The RQA Group independently identifies, measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed across the different Funds. By breaking down the components of the process, the RQA Group has the ability to determine if the appropriate risk management processes are in place across the Funds. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The principal risk exposure of the Funds is set out as follows:

a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Funds may suffer through holding market positions in the face of market movements. The Funds are exposed to market risk by virtue of their investments in equities, warrants, rights, corporate bonds, government bonds, futures contracts, CFD's and forward currency contracts.

There is no assurance that each benchmark index will continue to be calculated on the basis described in the prospectus or that they will not be amended significantly. The past performance of each benchmark index is not necessarily a guide to future performance.

A key metric the Risk and Quantitative Analysis Group ("RQA Group") uses to measure market risk is Value at Risk ("VaR") which encompasses price, currency and interest rate risk. The RQA Group is a centralised group which performs an independent risk management function. The group independently identifies measures and monitors investment risk.

VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on an adjusted historical simulation model with a confidence level of 99%, a holding period of one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Fund will lose no more than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

It is noted that the use of VaR methodology has limitations, namely assumptions that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The Funds' one day VaR, as at 30 June 2017 and 30 June 2016 based on a 99% confidence level is outlined in the table below:

Fund	30 June	30 June
	2017	2016
	%	%
iShares EM Local Govt Bond UCITS ETF	1.32	2.25

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

Financial instruments and risks* (continued)

a) Market risk (continued)

i) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Funds may invest in securities, which as far as possible and practicable, consist of the component securities of the benchmark index of each Fund, and which may be denominated in currencies other than its reporting currency.

The Funds, in line with their benchmarks, are unhedged and are therefore exposed to foreign currency risk.

Consequently, each Fund is exposed to the risk of currency fluctuations between the base currency of the benchmark index and the base currency of the constituent securities of the benchmark index.

In addition, certain Funds may have share classes which have different valuation currencies from the base currency of the Fund. Consequently, the investments of a share class may be acquired in currencies which are not the valuation currency of the share class. Currency hedged share classes use a currency hedging approach whereby the hedge is proportionately adjusted for net subscriptions and redemptions in the relevant currency hedged share class. An

The tables below and overleaf outline the exposure to foreign currency risk as at 30 June 2017 and 30 June 2016:

30 June 2017

Foreign currency exposure	Gross foreign currency exposure	Forward currency contracts**	Net foreign currency exposure	% of Net Assets
	\$'000	\$'000	\$'000	
iShares EM Local Govt Bond UCITS ETF				
BRL	513,239	119,221	632,460	9.84
CLP	48,503	(43,367)	5,136	0.08
COP	450,078	5,048	455,126	7.08
GBP	7	-	7	0.00
HUF	289,411	(33,545)	255,866	3.98
IDR	607,996	39,913	647,909	10.09
MXN	658,122	24,453	682,575	10.63
MYR	538,918	101,518	640,436	9.97
PEN	167,149	(14,810)	152,339	2.37
PHP	47,741	(27,830)	19,911	0.31
PLN	618,163	21,492	639,655	9.96
RON	189,251	(17,402)	171,849	2.67
RUB	365,587	4,605	370,192	5.76
THB	563,451	84,988	648,439	10.09
TRY	489,740	12,092	501,832	7.81
ZAR	579,422	7,046	586,468	9.13
Total exposure to foreign currencies	6,126,778	283,422	6,410,200	99.77

** Only Fund level forward currency contracts are included in the foreign currency risk exposure table.

adjustment is made to the hedge to account for the price movements of the underlying securities held for the relevant currency hedged share class, however, the hedge will only be reset or adjusted on a monthly basis and as and when a pre-determined tolerance is triggered intra-month, and not whenever there is market movement in the underlying securities. In any event, any over-hedged position arising in a currency hedged share class will be monitored daily and is not permitted to exceed 105% of the net asset value of that share class as prescribed in the UCITS regulations. As a result of this currency hedging approach the currency hedge share classes are considered to be immaterially exposed to foreign currency risk.

Currency hedged share classes, where offered in a Fund, aim to reduce the impact of exchange rate fluctuations between the underlying portfolio currency exposures of the Fund and the valuation currency of the currency hedged share class on returns of the relevant Benchmark Index to investors in that share class, through entering into foreign exchange contracts for currency hedging.

The realised or unrealised gains or losses relating to these forward currency contracts are allocated to the relevant share class. The details of such contracts are disclosed as hedged forwards in the Fund's schedule of investments.

The Funds may also invest in forward currency contracts and thus gain further exposure to foreign currency risk.

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

Financial instruments and risks* (continued)

a) Market risk (continued)

i) Market risk arising from foreign currency risk (continued)

30 June 2016

Foreign currency exposure	Gross foreign currency exposure	Forward currency contracts	Net foreign currency exposure	% of Net Assets
	\$'000	\$'000	\$'000	
iShares EM Local Govt Bond UCITS ETF				
BRL	319,703	-	319,703	11.08
CLP	2,784	-	2,784	0.10
COP	202,714	-	202,714	7.02
HUF	139,513	-	139,513	4.83
IDR	288,282	-	288,282	9.99
MXN	277,825	-	277,825	9.62
MYR	282,004	-	282,004	9.77
PEN	56,814	-	56,814	1.97
PHP	11,350	-	11,350	0.39
PLN	274,114	-	274,114	9.50
RON	67,074	-	67,074	2.32
RUB	139,497	-	139,497	4.83
THB	279,456	-	279,456	9.68
TRY	287,208	-	287,208	9.95
ZAR	260,627	-	260,627	9.03
Total exposure to foreign currencies	2,888,965	-	2,888,965	100.08

For Funds not included in the tables above, their financial assets and financial liabilities are denominated mainly in their respective functional currencies and therefore are unlikely to be materially exposed to foreign currency risk.

Management of foreign currency risk

To minimise this risk, the currency hedged share classes invest in forward currency contracts that as far as possible track the hedging methodology of the benchmark index.

Exchange rate exposures are managed where appropriate and in compliance with the prospectus utilising forward currency contracts. The details of the contracts in place at the financial year-end date are disclosed in the schedules of investments.

The Investment Manager will monitor the currency exposure and gain or loss arising from hedge positions of each currency hedged share class against the pre-determined tolerances daily and will determine when a currency hedge should be reset and the gain or loss arising from the currency forwards reinvested or settled, while taking into consideration the frequency and associated transaction and reinvestment costs of resetting the currency forwards.

ii) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices

(other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Funds are exposed to other price risk arising from their investments in equities, warrants, rights, bonds, futures contracts, CFD's and forward currency contracts. The movements in the prices of these investments result in movements in the performance of the Funds. The investment concentrations within the portfolio are disclosed in the schedules of investments by investment type.

Management of other price risk

The Investment Manager manages the Funds' market risk on a daily basis in accordance with the Fund's investment objective.

The investment objective of the Funds is to provide investors with a total return, taking into account the capital and income returns, which reflect the total returns of the respective benchmark. The Fund's performance is correlated to its benchmark. The correlation of the Fund's performance against the benchmark is a metric monitored by key management personnel.

iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

Financial instruments and risks* (continued)

a) Market risk (continued)

iii) Market risk arising from interest rate risk (continued)

Exposure to interest rate risk (cont)

The Funds are exposed to interest rate risk through their cash and cash equivalent holdings including margin cash held with brokers and their investments in fixed and floating rate interest bearing securities where the value of these securities may fluctuate as a result of a change in interest rates.

The Funds also have indirect exposure to interest rate risk through the investments into futures contracts, whereby the value of the underlying asset may fluctuate as a result of a change in interest rates.

30 June 2017

Exposure to interest rate risk	Floating interest rate	Fixed interest rate	Non-interest bearing**	Total
iShares EM Local Govt Bond UCITS ETF	\$'000	\$'000	\$'000	\$'000
Short term financial assets	382,194	34,018	129,742	545,954
Long term financial assets	-	5,958,580	-	5,958,580
Short term financial liabilities	-	-	(79,260)	(79,260)
Net asset value	382,194	5,992,598	50,482	6,425,274

** The non-interest bearing category includes receivables, payables and financial derivative instruments at financial year end.

30 June 2016

Exposure to interest rate risk	Floating interest rate	Fixed interest rate	Non-interest bearing**	Total
iShares EM Local Govt Bond UCITS ETF	\$'000	\$'000	\$'000	\$'000
Short term financial assets	37,882	-	66,399	104,281
Long term financial assets	-	2,788,370	-	2,788,370
Short term financial liabilities	-	-	(6,103)	(6,103)
Net asset value	37,882	2,788,370	60,296	2,886,548

** The non-interest bearing category includes receivables, payables and financial derivative instruments at financial year end.

b) Counterparty credit risk

Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Funds are exposed to counterparty credit risk from the parties with which they trade and will bear the risk of settlement default.

Management of interest rate risk

Movements in the prices of these investments are derived from movements in market interest rates and issuer credit-worthiness. Issuer credit-worthiness and credit spreads are monitored by the Investment Manager regularly. The securities in which the Funds invest will generally have a minimum rating of investment grade from a ratings agency as set out in the investment policy of the Funds.

The following table outlines the interest rate risk profile of the Funds as at 30 June 2017 and 30 June 2016 whereby short term financial assets and financial liabilities are those with a residual maturity date of less than one financial year and long term financial assets and financial liabilities are those with a residual maturity date of greater than one financial year:

Management of counterparty credit risk

Counterparty credit risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated.

As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer.

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

Financial instruments and risks* (continued)

b) Counterparty credit risk (continued)

Management of counterparty credit risk (continued)

The BlackRock RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

There were no past due or impaired balances in relation to transactions with counterparties as at 30 June 2017 and 30 June 2016.

i) Exchange traded financial derivative instruments

The Funds' holdings in futures contracts expose the Funds to counterparty credit risk.

Management of counterparty credit risk related to futures contracts

The exposure is limited by trading the contracts through a clearing house. The Funds' exposure to counterparty credit risk on contracts in which they currently have a gain position is reduced by such gains received in cash from the counterparty under the daily mark-to-market mechanism on exchange traded futures contracts (variation margin).

The Funds' exposure to credit risk on contracts in which they currently have a loss position is equal to the amount of margin posted to the counterparty which has not been transferred to the exchange under the daily mark-to-market mechanism.

Margin is paid or received on futures contracts to cover any exposure by the counterparty or the Funds to each other. "Margin cash account" on the balance sheet consists of margin receivable from the Fund's clearing brokers and the futures contracts counterparties.

ii) Over-the-Counter ("OTC") financial derivative instruments

The Funds' holdings in OTC financial derivative instruments exposes the Funds to counterparty credit risk.

Counterparty credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Funds' exposure to counterparty credit risk is limited to the contracts in which it currently has a financial asset position reduced by any collateral received from the counterparty or to counterparties who have received collateral from the Funds.

All OTC derivative transactions are entered into by the Funds under an International Swaps and Derivatives Associations, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Funds and a counterparty that governs OTC derivative transactions entered into by the parties.

The parties' exposures under the ISDA Master agreement are netted and collateralised together, therefore any collateral disclosures provided are in respect of all OTC derivative transactions entered into by the Funds under the ISDA Master agreement.

The carrying value of financial assets together with cash best represents the Fund's gross maximum exposure to counterparty credit risk at the reporting date, before including the effect of ISDA master agreements and close-out netting, which reduces the overall counterparty credit risk exposure. Cash held as security by the counterparty to derivative contracts is subject to the credit risk of the counterparty.

The Funds' maximum exposure to counterparty credit risk from holding forward currency contracts will be equal to the notional amount of the currency and any net unrealised gains as disclosed in the relevant schedules of investments.

Management of counterparty credit risk related to OTC Financial Derivative Instruments

With the exception of non-deliverable forward currency contracts held on iShares EM Local Govt Bond UCITS ETF forward currency contracts do not require variation margins and thus the counterparty credit risk is monitored through the BlackRock RQA Counterparty & Concentration Risk Team who monitor the creditworthiness of the counterparty.

Margin is paid or received on non-deliverable forward currency contracts to cover any exposure by the counterparty or the Funds to each other. Margin cash account on the balance sheet consists of margin receivable from the Fund's clearing brokers and the forward currency contracts counterparty.

The counterparties for forward currency contracts are disclosed in the schedules of investments. The lowest long term credit rating of any of the counterparties is A- (S&P rating) (30 June 2016: AA-).

iii) Depositary

The Fund's Depositary is State Street Custodial Services (Ireland) Limited (the "Depositary"). Substantially all of the investments are held by same at the financial year end. Investments are segregated from the assets of the Depositary, with ownership rights remaining with the Funds.

Bankruptcy or insolvency of the Depositary may cause the Fund's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk is the amount of long investments disclosed in the schedule of investments.

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

Financial instruments and risks* (continued)

b) Counterparty credit risk (continued)

iii) Depository (continued)

The Depository has appointed State Street Bank and Trust Company (the "Sub-Custodian") as its global Sub-Custodian. Substantially all of the cash of the Funds are held with the Sub-Custodian.

The Funds' cash balances are held by the Sub-Custodian in its account together with its own cash balances and with those cash balances that are held on behalf of other clients. The Funds' cash balances are separately identified within the records of the Sub-Custodian.

In respect of the cash held by the Sub-Custodian or other depositaries it appoints, the Funds will be exposed to the counterparty credit risk of the Sub-Custodian or those depositaries. In the event of the insolvency or bankruptcy of the Sub-Custodian or other depositaries, the Funds will be treated as a general creditor of the Sub-Custodian or the depositaries.

Management of counterparty credit risk related to the Depository

To mitigate the Fund's exposure to the Depository, the Investment Manager employs specific procedures to ensure that the Depository is a reputable institution and that the counterparty credit risk is acceptable to the Funds. The Funds only transact with Depositaries that are regulated entities subject to prudential supervision, or with "high credit ratings" assigned by international credit rating agencies.

The long term credit rating of the parent company of the Depository and Sub-Custodian, State Street Corporation, as at 30 June 2017, is A (30 June 2016: A) (Standard and Poor's rating).

In order to further mitigate the Fund's counterparty credit risk exposure to the Sub-Custodian or depository banks, the Funds may enter into additional arrangements such as the placing of residual cash in a money market fund for example Institutional Cash Series Plc ("ICS") shown as a cash equivalent on the balance sheet.

The following tables detail the credit rating profile of the debt securities held by the Company as at 30 June 2017 and 30 June 2016:

30 June 2017

	Currency	Investment grade %	Non-investment grade %	Not rated** %	Total %
iShares EM Local Govt Bond UCITS ETF	\$	63.96	29.31	-	93.27

** Includes securities which are not rated.

30 June 2016

	Currency	Investment grade %	Non-investment grade %	Not rated %	Total %
iShares EM Local Govt Bond UCITS ETF	\$	57.53	39.07	-	96.60

iv) Counterparties

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 once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

Management of counterparty credit risk related to Counterparties

The Funds monitor the credit rating and financial position of the brokers used to further mitigate this risk.

v) Debt securities

Issuer credit risk is the default risk of one of the issuers of any securities held by the Funds. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated. A number of the Funds invest into sovereign debt. This exposes the Funds to the risk that the issuer of the bonds may default on interest or principal payments.

Management of counterparty credit risk related to debt securities

To manage this risk, the Investment Manager invests in a wide range of securities, subject to the investment objectives of each Fund and monitors the credit ratings of the investments as disclosed in the schedules of investments. The ratings of the debt securities are continually monitored by the BlackRock Portfolio Management Group ("PMG").

Financial instruments and risks* (continued)

b) Counterparty credit risk (continued)

vi) Securities Lending

The Funds engage in securities lending activities which expose the Funds to counterparty credit risk. The maximum exposure to each Fund is equal to the value of the securities loaned.

Securities lending transactions entered into by the Funds are subject to a written legal agreement between the Funds and the Securities Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Company, and separately between the Securities Lending Agent and the approved borrowing counterparty.

Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a triparty collateral manager in the name of the Depository on behalf of the Funds. Collateral received is segregated from the assets belonging to the Funds' Depository or the Lending Agent.

Management of counterparty credit risk related to securities lending

To mitigate this risk, the Funds receive either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned, as detailed in the tables below. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. As at the 30 June 2017 and 30 June 2016, all non-cash collateral received consists of securities admitted to or dealt on a regulated market.

The Funds also benefit from a borrower default indemnity provided by BlackRock Inc. The indemnity allows for full replacement of securities lent. BlackRock Inc. bears the cost of indemnification against borrower default.

The value of securities on loan at the financial year end and the value of collateral held at the financial year end on behalf of the Funds is shown below:

	As at 30 June 2017	As at 30 June 2016
iShares EM Local Govt Bond UCITS ETF	\$'000	\$'000
Value of securities on loan	285,863	183,259
Value of collateral held	305,846	203,830

vii) Collateral

The Funds engage in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty.

c) Liquidity risk

Exposure to liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulties in meeting obligations associated with financial liabilities.

Liquidity risk to the Funds arises from the redemption requests of investors and the liquidity of the underlying investments the Funds are invested in. The Fund's shareholders may redeem their shares on the close of any daily dealing deadline for cash equal to a proportionate share of the Funds' Net Asset Value. The Funds are therefore potentially exposed to the liquidity risk of meeting the shareholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands. It is also exposed to the liquidity risk of daily margin calls on derivatives.

All derivative, non-derivative financial liabilities and distributions payable of the Funds held at the financial years ended 30 June 2017 and 30 June 2016, based on contractual maturities, fall due within one month, with the exception of those disclosed in the following tables:

30 June 2017

Fund	Currency	1-3 Months '000
iShares EM Local Govt Bond UCITS ETF		
- Forward contracts	\$	(4,156)

All financial liabilities disclosed are based on undiscounted amounts.

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands.

To manage this risk, if redemption requests on any dealing day represent 10% or more of the shares in issue in respect of any Fund, the Manager may, in its discretion, refuse to redeem any shares in excess of 10% (at any time including after the cut-off time on the dealing day).

Any request for redemption on such dealing day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent dealing day until all shares to which the original request related have been redeemed.

In any event settlement for redemptions will normally be made within fourteen days of the dealing day.

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

Financial instruments and risks* (continued)

c) Liquidity risk (continued)

Management of liquidity risk (continued)

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The portfolio managers review daily forward looking cash reports which project cash obligations. These reports allow them to manage their cash obligations.

d) Valuation of financial instruments

The Funds classify financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1 - Quoted prices for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Fund does not adjust the quoted price for these instruments.

Level 2 - Valuation techniques using observable inputs

This category includes instruments valued using: quoted 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-standardised financial instruments such as OTC 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 determined inputs.

Level 3 - Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Manager. The Investment Manager considers observable inputs to be that 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.

The table below is an analysis of the Funds' financial assets and financial liabilities measured at fair value at 30 June 2017 and 30 June 2016.

30 June 2017

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
iShares EM Local Govt Bond UCITS ETF				
Financial assets at fair value through profit or loss				
- Debt securities	-	5,992,598	-	5,992,598
- Forward contracts	-	2,302	-	2,302
Total	-	5,994,900	-	5,994,900
Financial liabilities at fair value through profit or loss				
- Forward contracts	-	(4,156)	-	(4,156)
Total	-	(4,156)	-	(4,156)

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

Financial instruments and risks* (continued)

d) Valuation of financial instruments (continued)

30 June 2016

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
iShares EM Local Govt Bond UCITS ETF				
Financial assets at fair value through profit or loss				
- Debt securities	-	2,788,370	-	2,788,370
Total	-	2,788,370	-	2,788,370

Investments whose values are based on observable inputs are classified within level 2. These include equity securities that were suspended at financial year end and equity securities that were suspended at financial year end but resumed trading shortly after the financial year end.

Investments whose values are based on unobservable inputs are classified within level 3. These include equities that are currently suspended, priced by the Manager or priced at zero for the financial year ended 30 June 2017 and equities that were suspended at financial year ended 30 June 2016.

e) Global exposure

In accordance with UCITS regulations and the requirements of the CBI, the Manager is required to employ a risk management process which enables it to accurately monitor and manage the global exposure of the Funds to financial derivative instruments ("FDI").

The Investment Manager uses the methodology known as the "Commitment Approach" in order to measure the global exposure of the Funds and manage the potential loss to them due to market risk.

The Commitment Approach is a methodology that aggregates the underlying market or notional value of FDI to determine the global exposure of the Fund.

In accordance with the UCITS Regulations, global exposure for a Fund utilising the Commitment Approach must not exceed 100% of the Fund's NAV.

The exposures to FDI at financial year end are marked on the relevant Fund's schedule of investments. For the financial years ended 30 June 2017 and 30 June 2016, global exposure is measured using the commitment approach for all Funds.

f) Leverage

The use of derivatives may expose Funds to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure.

A relatively small market movement may have a potentially larger impact on derivatives than on non-derivative instruments. Leveraged derivative positions can therefore increase Fund volatility.

* The information relating to financial instruments and risks is an integral part of the notes to the financial statements.

INCOME STATEMENT

For the financial year ended 30 June 2017

	Note	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Operating income	3	909,906	672,467
Net gains on financial assets/liabilities at fair value through profit or loss	4	1,617,695	209,810
Total gains		2,527,601	882,277
Operating expenses	5	(106,838)	(74,401)
Negative yield on financial assets		(1,518)	(264)
Net operating profit		2,419,245	807,612
Finance costs:			
Distributions to redeemable participating shareholders	7	(429,283)	(181,008)
Interest expense	8	(485)	(297)
Total finance costs		(429,768)	(181,305)
Net profit for the financial year before tax		1,989,477	626,307
Taxation	9	(58,139)	(30,407)
Net profit for the financial year after tax		1,931,338	595,900
Adjustment to align to the valuation methodology as set out in the prospectus	2	(4,707)	(5,003)
Increase in net assets attributable to redeemable participating shareholders from operations		1,926,631	590,897

There are no recognised gains or losses arising in the financial year other than those dealt with in the income statement. In arriving at the results of the financial year, all amounts relate to continuing operations except for amounts relating to discontinued operations on iShares € Corp Bond BB-B UCITS ETF and iShares MSCI GCC ex-Saudi Arabia UCITS ETF. In arriving at the results of the prior financial year, all amounts related to continuing operations.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

For the financial year ended 30 June 2017

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Net assets attributable to redeemable participating shareholders at the beginning of the financial year	34,626,258	26,749,778
Notional foreign exchange adjustment*	(901,291)	(237,781)
Increase in net assets attributable to redeemable participating shareholders from operations	1,926,631	590,897
Share transactions:		
Proceeds from issue of redeemable participating shares	23,587,938	16,516,635
Payments on redemption of redeemable participating shares	(13,617,674)	(9,033,559)
Transfer due to merger into the Company	-	40,288
Increase in net assets resulting from share transactions	9,970,264	7,523,364
Net assets attributable to redeemable participating shareholders at the end of the financial year	45,621,862	34,626,258

* The notional foreign exchange adjustment arises from the retranslation of the net assets at the beginning of the financial year using the exchange rate as at 30 June 2017. The average rate for the financial year is applied to the income statement items and share transactions (See note 17).

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

As at 30 June 2017

	Note	30 June 2017 €'000	30 June 2016 €'000
CURRENT ASSETS			
Cash		304,913	191,933
Cash equivalents		217,457	123,165
Margin cash account		8,484	9,551
Receivables	12	422,968	450,218
Financial assets at fair value through profit or loss	13	44,900,875	34,171,466
Total current assets		45,854,697	34,946,333
CURRENT LIABILITIES			
Bank overdraft		(60)	(251)
Cash collateral payable		-	(10)
Margin cash account		(109)	-
Payables	14	(226,994)	(322,922)
Financial liabilities at fair value through profit or loss	13	(5,672)	(1,599)
Total current liabilities excluding net assets attributable to redeemable participating shareholders		(232,835)	(324,782)
Net assets attributable to redeemable participating shareholders		45,621,862	34,621,551
Adjustment to align to the valuation methodology as set out in the prospectus	2	-	4,707
Net asset value attributable to redeemable participating shareholders at the end of the financial year		45,621,862	34,626,258

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors

Paul McNaughton
Director

25 October 2017

Paul McGowan
Director

25 October 2017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

1. COMPANY DETAILS

iShares III public limited company is organised as an open-ended investment company with variable capital. The Company was incorporated in Ireland on 22 January 2008 with limited liability and segregated liability between its Funds and is organised under the laws of Ireland as a Public Limited Company ("plc") pursuant to the Companies Act 2014 and the UCITS Regulations and is regulated by the CBI.

The registered office of the Company is J.P. Morgan House, International Financial Services Centre, Dublin 1, Ireland.

2. ACCOUNTING POLICIES, FINANCIAL INSTRUMENTS AND RISKS

The accounting policies are set out on pages 54 to 56. The adjustment between the financial statements valuation policy and the valuation methodology set out in the prospectus is detailed further in accounting policy (n). The financial instruments and risks are set out on pages 57 to 91.

3. OPERATING INCOME

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Interest income	450	201
Dividend income	350,942	229,435
Bond interest income	545,261	433,767
Securities lending income	13,253	9,064
	909,906	672,467

4. NET GAINS ON FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Net gains on investments in securities held at fair value through profit or loss	1,603,689	217,825
Net gains/(losses) on futures contracts	14,237	(1,960)
Net losses on forward currency contracts	(12,114)	(246)
Net gains on CFDs	-	2
Net gains/(losses) on foreign currency transactions	11,883	(5,811)
	1,617,695	209,810

5. OPERATING EXPENSES

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Management fees	(106,838)	(74,401)
	(106,838)	(74,401)

6. MANAGEMENT FEES

Fees earned by the Manager during the financial year and balances outstanding as at 30 June 2017 and 30 June 2016 are disclosed in note 5 and note 14 respectively.

Management fees (inclusive of investment management fees):

The Manager is entitled to an annual fee at rates not exceeding those set out below, these rates are the maximum fee rates as at 30 June 2017:

Fund	Maximum fee rate (% of NAV)*
iShares EM Local Govt Bond UCITS ETF	0.50

* This charge can be up to 1.00%. Any increase in this charge will be subject to prior shareholder approval.

The Company employs an "all in one" fee structure for its Funds, with each Fund paying all of its fees, operating costs and expenses (and its due proportion of any costs and expenses allocated to it) as a single flat fee (the "Total Expense Ratio" or "TER"). The TER is calculated in accordance with the Committee of European Securities Regulators ("CESR") guidelines on the methodology for calculation of the ongoing charges figure in the Key Investor Information Document.

The Manager is responsible for discharging all operational expenses, including but not limited to fees and expenses of the Directors, Investment Manager, Depositary, Administrator, Transfer Agent and Registrar from the amounts received by the Manager from the TER.

Such operational expenses include regulatory and audit fees but exclude transaction costs and extraordinary legal costs.

Directors' fees will not exceed the sum of €40,000 per annum per Director without the approval of the Board of Directors.

In the event a Fund's costs and expenses in connection with the operation of the Fund exceed the stated TER, the Manager will discharge any excess amount out of its own assets. The establishment costs of the Company have been paid by the Manager.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2017

6. MANAGEMENT FEES (continued)

The following fees were included in management fees during the financial year:

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Directors' fees	(25)	(25)
Audit fees (including expenses) relating to the audit of the financial statements	(215)	(215)
Other assurance services fee (including expenses) relating to fund merger	-	(10)

There were no other assurance, tax, advisory or non-audit fees other than the audit fees disclosed above paid to PricewaterhouseCoopers in Dublin, Ireland as the Statutory Auditor of the Company as no other services were provided. The other assurance services relate to merger exchange ratios as required by Regulation 60 of Statutory Instrument ("S.I.") No 352/2011.

Whilst it is anticipated that the TER borne by a Fund shall not exceed the amounts set out above during the life of a Fund such amounts may need to be increased. Any such increase will be subject to the prior approval of the shareholders of the relevant Fund evidenced either by a majority vote at a meeting of shareholders or by a written resolution of all of the shareholders.

Save as disclosed, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue or sale of any capital of the Company.

7. DISTRIBUTIONS TO REDEEMABLE PARTICIPATING SHAREHOLDERS

The Company may declare and pay dividends on any distributing class of shares in the Company. In accordance with the prospectus, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company to investors and become the property of the relevant Fund.

Distributions declared during the financial year were as follows:

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
July	225,664	-
October	2,776	3,319
January	242,414	202,881
April	3,496	1,983
	474,350	208,183
Equalisation income	(101,696)	(57,045)
Equalisation expense	56,629	29,870
	429,283	181,008

8. INTEREST EXPENSE

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Bank interest	(485)	(297)
	(485)	(297)

9. TAXATION

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event".

A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- A shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Company; or the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
- Certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed Annual declarations; and
- Any transaction (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners (such as CREST) will not constitute a chargeable event. It is the current intention of the Directors that all the shares in the Company will be held in Crest or another recognised clearing system.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

10. TRANSACTION COSTS

In order to achieve its investment objective, a Fund will incur transaction costs in relation to trading activity on its portfolio.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2017

10. TRANSACTION COSTS (continued)

Disclosed in the following table below are separately identifiable transaction costs incurred by the Company for the financial years ended 30 June 2017 and 30 June 2016. These include all brokers' commission, settlement fees, stamp duties and broker fees charges on equities, exchange traded futures contracts, forward currency contracts and some fixed income investments.

	Financial year ended 30 June 2017 €'000	Financial year ended 30 June 2016 €'000
Transaction costs	(4,619)	(2,908)

Not all transaction costs are separately identifiable. For some fixed income investments, transaction costs will be included in the purchase and sales price of the investment and are not separately disclosed. The portfolio transaction costs are not included in the TER.

11. SHARE CAPITAL

The issued and fully paid redeemable participating share capital is at all times equal to the net asset value of the Company. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

Redeemable Participating Shares - issued and fully paid

	30 June 2017 No. of Shares	30 June 2016 No. of Shares
Number of redeemable participating shares:		
Balance at the beginning of financial year	603,805,205	420,002,808
Issued during the financial year	507,788,600	324,629,078
Transfer due to merger in	-	1,479,479
Redeemed during the financial year	(215,297,057)	(142,306,160)
Balance at the end of financial year	896,296,748	603,805,205

Authorised

The authorised share capital of the Company is €2 divided into 2 subscriber shares of a par value of €1 each and 500 billion participating shares of no par value ("NPV") initially designated as unclassified shares.

Subscriber shares

The 2 subscriber shares are currently in issue and are held by the Manager and nominees of the Manager. They do not form part of the net asset value of the Company. They are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors this disclosure reflects the nature of the Company's investment business.

12. RECEIVABLES

	30 June 2017 €'000	30 June 2016 €'000
Sale of securities awaiting settlement	24,626	13,759
Subscription for shares awaiting settlement	17,687	101,115
Dividend income receivable	28,916	22,202
Interest receivable	164	515
Securities lending income receivable	1,157	796
Bond interest income receivable	347,424	309,725
Tax reclaim receivable	2,961	2,030
Other receivables	33	76
	422,968	450,218

13. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 €'000	30 June 2016 €'000
Financial assets:		
Investment in equities	16,233,243	9,569,127
Investment in bonds	28,660,067	24,601,715
Investment in rights	226	255
Investment in warrants	3	14
Unrealised gains on forward currency contracts	5,041	-
Unrealised gains on futures contracts	2,295	355
	44,900,875	34,171,466
Financial liabilities:		
Unrealised losses on forward currency contracts	(5,351)	-
Unrealised losses on futures contracts	(320)	(1,598)
Unrealised losses on CFDs	(1)	(1)
	(5,672)	(1,599)

14. PAYABLES

	30 June 2017 €'000	30 June 2016 €'000
Purchase of securities awaiting settlement	(208,817)	(290,183)
Payable for fund shares repurchased	-	(21,147)
Interest payable	(1,338)	(706)
Management fees payable	(10,007)	(7,037)
Capital gains tax payable	(6,784)	(3,844)
Other payables	(48)	(5)
	(226,994)	(322,922)

15. SOFT COMMISSIONS

There were no soft commissions arrangements entered into by the Investment Manager on behalf of the Company during the financial years ended 30 June 2017 and 30 June 2016, other than those disclosed in the financial statements of the Funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2017

16. COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant commitments or contingent liabilities at the financial year ended 30 June 2017 or 30 June 2016 other than those disclosed in the financial statements of the Funds.

17. EXCHANGE RATES

The rates of exchange ruling at 30 June 2017 and 30 June 2016 were:

		30 June 2017	30 June 2016
EUR1=	CHF	1.0922	1.0823
	DKK	7.4350	7.4398
	GBP	0.8781	0.8311
	NOK	9.5540	9.2964
	PLN	4.2295	4.4009
	SEK	9.6200	9.4127
	USD	1.1405	1.1109
	GBP1=	EUR	1.1389
USD		1.2989	1.3368
USD1=		AED	3.6730
	AUD	1.3037	1.3430
	BHD	-	0.3774
	BRL	3.3133	3.2038
	CAD	1.2987	1.2987
	CHF	0.9577	0.9742
	CLP	664.7250	662.0650
	CNH	6.7805	6.6659
	CNY	6.7795	6.6436
	COP	3,055.0700	2,909.0000
	CZK	22.8969	24.3778
	DKK	6.5188	6.6968
	EGP	18.1200	8.8800
	EUR	0.8768	0.9001
	GBP	0.7699	0.7481
	HKD	7.8065	7.7580
	HUF	271.0097	284.1487
	IDR	13,327.5000	13,212.5000
	ILS	3.4897	3.8511
	INR	64.6375	67.4950
	JPY	112.3600	102.5900
	KRW	1,144.1500	1,151.8500
	KWD	-	0.3018
	MXN	18.0998	18.4493
	MYR	4.2927	4.0315
	NOK	8.3767	8.3680
	NZD	1.3657	1.4041
	OMR	0.3852	0.3850
	PEN	3.2465	3.2886
	PHP	50.4600	47.0475
	PKR	104.8350	-
	PLN	3.7083	3.9614

		30 June 2017	30 June 2016
USD1=	QAR	3.6604	3.6413
	RON	3.9955	4.0708
	RUB	59.2688	63.8775
	SEK	8.4346	8.4727
	SGD	1.3769	1.3459
	THB	33.9700	35.1400
	TRY	3.5226	2.8757
	TWD	30.4200	32.2590
ZAR	13.1025	14.6450	

The average rates of exchange used as an approximate of actual rates for the financial years ended 30 June 2017 and 30 June 2016 were:

		30 June 2017	30 June 2016
EUR1=	GBP	0.8598	0.7493
	USD	1.0903	1.1097

18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party, in making financial or operational decisions.

The following entities were related parties to the Company during the financial year ended 30 June 2017:

Board of Directors of the Company	
Manager:	BlackRock Asset Management Ireland Limited
Investment Manager, Promoter and Securities Lending Agent:	BlackRock Advisors (UK) Limited
Sub-Investment Managers:	BlackRock Financial Management Inc. BlackRock (Singapore) Limited
Representative in Switzerland:	BlackRock Asset Management Schweiz AG

The ultimate holding Company of the Manager, Investment Manager, Promoter and Sub-Investment Managers, securities lending agent and Representative in Switzerland is BlackRock Inc., a company incorporated in Delaware USA.

PNC Financial Services Group, Inc. ("PNC"), is a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Company in the financial years ended 30 June 2017 or 30 June 2016.

When arranging transactions in securities for the Company, affiliates of PNC may provide securities brokerage, foreign exchange, banking and other services, or may act as principal, on their usual terms and may benefit therefrom.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2017

18. RELATED PARTY TRANSACTIONS (continued)

Commissions have been paid to brokers and agents in accordance with the relevant market practice and the benefit of any bulk or other commission discounts or cash commissions rebates provided by brokers or agents have been passed on to the Company.

The services of PNC companies could have been used by the Investment Manager where it is considered appropriate to do so provided that their commissions and other terms of business are generally comparable with those available from unassociated brokers and agents in the markets concerned, and this is consistent with the above policy of obtaining best net results.

Fees paid to the Manager during the financial year, the nature of these transactions and the balances outstanding at the financial year end are disclosed in note 5, 6 and 14 respectively. Securities lending income earned by the Funds is disclosed in note 3 and 19.

Details of soft commission arrangements with related parties are disclosed in note 15.

Barry O'Dwyer and Teresa O'Flynn are non-executive Directors of the Manager.

With the exception of Paul McGowan and Paul McNaughton, all Directors are also employees of the BlackRock Group.

30 June 2017

Total % of shares held by funds managed by the BlackRock Group or held by affiliates of BlackRock Inc.	Number of investors holding 20% or more of the voting shares in issue who are not affiliates of BlackRock Group or BlackRock Inc.	Total % of shares held by shareholders holding 20% or more of the voting shares in issue who are not affiliates of BlackRock Group or BlackRock Inc.
Nil	1	100*

30 June 2016

Total % of shares held by funds managed by the BlackRock Group or held by affiliates of BlackRock Inc.	Number of investors holding 20% or more of the voting shares in issue who are not affiliates of BlackRock Group or BlackRock Inc.	Total % of shares held by shareholders holding 20% or more of the voting shares in issue who are not affiliates of BlackRock Group or BlackRock Inc.
Nil	1	100

* The Company has a single shareholder which is a nominee of the common depository (Citibank Europe plc). The ultimate beneficial ownership of the Company is passed from the common depository through the International Central Securities Depository ("ICSD") (Euroclear, Clearstream) to the participants of the ICSD.

No provisions have been recognised by the Funds against amounts due from related parties at the financial year end date (30 June 2016: Nil).

No amounts have been written off in the financial year in respect of amounts due to or from related parties (30 June 2016: Nil).

The Directors of the Company and the Manager who are also employees of the BlackRock Group are not entitled to receive Directors' fees.

Each of the Directors of the Company at the financial year end also serves on the Board of a number of BlackRock Funds.

Holdings in other Funds managed by BlackRock

Cash equivalents relate entirely to investments in ICS funds and are managed by BlackRock Asset Management Ireland Limited. No management fees are incurred as a result of any of the investments in ICS.

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same share classes.

Significant holdings

The following investors

- i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- ii) are investors (other than those listed in (i) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company

No commitments secured or unsecured or guarantees have been entered into with related parties during the financial year (30 June 2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2017

19. SECURITIES LENDING

Securities lending income is split between the Fund and the securities lending agent in a ratio of 62.5:37.5 in favour of the Fund, with all operational costs borne out of the Securities Lending Agents share.

The securities lending income earned during the financial year, the value of securities on loan at the financial year end and the value of collateral held at the financial year end on behalf of the Company is shown below:

	30 June 2017 €'000	30 June 2016 €'000
Income earned during financial year	13,253	9,064
Value of securities on loan at financial year end	6,406,930	4,244,638
Value of collateral held on behalf of the Company at financial year end	6,963,866	4,574,583

20. SUBSEQUENT EVENTS

The ex-date and pay date for distributions of the below Funds occurred post financial year end.

	Distribution Amount ('000)
iShares EM Local Govt Bond UCITS ETF	\$153,697

Effective 13 July 2017, iShares EM Local Govt Bond UCITS ETF changed name to iShares J.P. Morgan EM Local Govt Bond UCITS ETF. The benchmark index also changed from Bloomberg Barclays Emerging Markets Local Currency Core Government Bond Index to J.P. Morgan GBI - EM Global Diversified 10% Cap 1% Floor Index. A revised Prospectus was issued on 12 July 2017 to reflect these changes.

Karen Prooth resigned as a Director effective 31 July 2017.

As of 15 September 2017, the Company Secretary changed its name from Chartered Corporate Services to Sanne Corporate Administration Services Ireland Limited.

Other than the above there have been no events subsequent to the financial year end which in the opinion of the Directors of the Company may have had an impact on the financial statements for the financial year ended 30 June 2017.

iShares EM Local Govt Bond UCITS ETF

INCOME STATEMENT

For the financial year ended 30 June 2017

	Note	Financial year ended 30 June 2017 \$'000	Financial year ended 30 June 2016 \$'000
Operating income	2	269,274	132,422
Net losses on financial assets/liabilities at fair value through profit or loss	3	(49,136)	(43,622)
Total gains		220,138	88,800
Operating expenses	4	(21,778)	(10,247)
Net operating profit		198,360	78,553
Finance costs:			
Distributions to redeemable participating shareholders	6	(147,041)	(45,159)
Interest expense	7	(20)	(17)
Total finance costs		(147,061)	(45,176)
Net profit for the financial year before tax		51,299	33,377
Taxation		(22,704)	(6,472)
Net profit for the financial year after tax		28,595	26,905
Increase in net assets attributable to redeemable participating shareholders from operations		28,595	26,905

There are no recognised gains or losses arising in the financial year other than those dealt with in the income statement. In arriving at the results of the financial year, all amounts relate to continuing operations.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

For the financial year ended 30 June 2017

	Financial year ended 30 June 2017 \$'000	Financial year ended 30 June 2016 \$'000
Net assets attributable to redeemable participating shareholders at the beginning of the financial year	2,886,548	1,752,109
Increase in net assets attributable to redeemable participating shareholders from operations	28,595	26,905
Share transactions:		
Proceeds from issue of redeemable participating shares	4,853,551	2,023,415
Payments on redemption of redeemable participating shares	(1,343,420)	(915,881)
Increase in net assets resulting from share transactions	3,510,131	1,107,534
Net assets attributable to redeemable participating shareholders at the end of the financial year	6,425,274	2,886,548

The accompanying notes form an integral part of these financial statements.

iShares EM Local Govt Bond UCITS ETF

BALANCE SHEET

As at 30 June 2017

	Note	30 June 2017 \$'000	30 June 2016 \$'000
CURRENT ASSETS			
Cash		227,044	37,882
Cash equivalents		150,000	-
Margin cash account		5,150	-
Receivables	11	127,440	66,399
Financial assets at fair value through profit or loss	12	5,994,900	2,788,370
Total current assets		6,504,534	2,892,651
CURRENT LIABILITIES			
Payables	13	(75,104)	(6,103)
Financial liabilities at fair value through profit or loss	12	(4,156)	-
Total current liabilities excluding net assets attributable to redeemable participating shareholders		(79,260)	(6,103)
Net asset value attributable to redeemable participating shareholders at the end of the financial year	10	6,425,274	2,886,548

The accompanying notes form an integral part of these financial statements.

iShares EM Local Govt Bond UCITS ETF

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

1. ACCOUNTING POLICIES, FINANCIAL INSTRUMENTS AND RISKS AND OTHER NOTES

The accounting policies are set out on pages 54 to 56. The adjustment between the financial statements valuation policy and the valuation methodology set out in the prospectus is detailed further in accounting policy (n). The financial instruments and risks are set out on pages 57 to 91. The notes relating to tax, soft commissions, exchange rates, commitments and contingent liabilities, related party transactions, financial derivative instruments and subsequent events are set out in the notes to the financial statements of the Company on pages 94 to 100.

2. OPERATING INCOME

	Financial year ended 30 June 2017 \$'000	Financial year ended 30 June 2016 \$'000
Interest income	207	2
Bond interest income	268,533	132,122
Securities lending income	534	298
	269,274	132,422

3. NET LOSSES ON FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial year ended 30 June 2017 \$'000	Financial year ended 30 June 2016 \$'000
Net losses on investments in securities held at fair value through profit or loss	(47,839)	(36,123)
Net losses on forward currency contracts	(19,085)	(269)
Net gains/(losses) on foreign currency transactions	17,788	(7,230)
	(49,136)	(43,622)

4. OPERATING EXPENSES

	Financial year ended 30 June 2017 \$'000	Financial year ended 30 June 2016 \$'000
Management fees	(21,778)	(10,247)
	(21,778)	(10,247)

5. MANAGEMENT FEES

Fees earned by the Manager during the financial year and balances outstanding as at 30 June 2017 and 30 June 2016 are disclosed in note 4 and note 13 respectively.

Please refer to note 6 of the financial statements of the Company for further details.

The Fund employs an "all in one" fee structure, paying all of its fees, operating costs and expenses (and its due proportion of any costs and expenses allocated to it) as a single flat fee (the "Total Expense Ratio" or "TER"). The TER is calculated in accordance with the Committee of European Securities Regulators ("CESR") guidelines on the methodology for calculation of the ongoing charges figure in the Key Investor Information Document.

Total fees paid to the Manager as a percentage of the average Fund assets for the financial year were as follows:

	TER % 30 June 2017	TER % 30 June 2016
	0.50	0.50

6. DISTRIBUTIONS TO REDEEMABLE PARTICIPATING SHAREHOLDERS*

The Company may declare and pay distributions to Redeemable Participating Shareholders on any distributing class of shares in the Company. The Company intends to declare distributions to redeemable participating shareholders for each distributing Fund, in respect of each financial year, which are generally equal to the total income of the Fund net of expenses for that financial year.

Distributions declared during the financial year were as follows:

	Financial year ended 30 June 2017 \$'000	Financial year ended 30 June 2016 \$'000
July	80,742	-
January	105,992	57,441
	186,734	57,441
Equalisation income	(68,366)	(20,767)
Equalisation expense	28,673	8,485
	147,041	45,159

* For distributions being paid from October 2015 onwards, the ex-dates of the distributing Funds were moved to the same calendar month as the pay date. See the Subsequent Events note to the financial statements of the Company for details of the July 2017 distributions.

iShares EM Local Govt Bond UCITS ETF

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2017

7. INTEREST EXPENSE

	Financial year ended 30 June 2017 \$'000	Financial year ended 30 June 2016 \$'000
Bank interest	(20)	(17)
	(20)	(17)

8. TRANSACTION COSTS

Transaction costs on this Fund are not separately identifiable for the financial year ended 30 June 2017. Please refer to note 10 of the financial statements of the Company for further details.

9. SHARE CAPITAL

The issued and fully paid redeemable participating share capital is at all times equal to the net asset value of the Fund. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

	30 June 2017 No. of Shares	30 June 2016 No. of Shares
Balance at the beginning of financial year	43,586,554	25,947,091
Issued during the financial year	76,077,038	32,553,963
Redeemed during the financial year	(22,197,507)	(14,914,500)
Balance at the end of financial year	97,466,085	43,586,554

10. NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

	\$'000
Net asset value	
As at 30 June 2017	6,425,274
As at 30 June 2016	2,886,548
As at 30 June 2015	1,752,109

	No. of Shares
Shares in issue	
As at 30 June 2017	97,466,085
As at 30 June 2016	43,586,554
As at 30 June 2015	25,947,091

	\$
Net asset value per share	
As at 30 June 2017	65.92
As at 30 June 2016	66.23
As at 30 June 2015	67.53

11. RECEIVABLES

	30 June 2017 \$'000	30 June 2016 \$'000
Subscription for shares awaiting settlement	199	-
Interest receivable	185	20
Securities lending income receivable	64	32
Bond interest income receivable	126,970	66,336
Tax reclaim receivable	12	1
Other receivables	10	10
	127,440	66,399

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 \$'000	30 June 2016 \$'000
Financial assets:		
Investment in bonds	5,992,598	2,788,370
Unrealised gains on forward currency contracts	2,302	-
	5,994,900	2,788,370

	30 June 2017 \$'000	30 June 2016 \$'000
Financial liabilities:		
Unrealised losses on forward currency contracts	(4,156)	-
	(4,156)	

13. PAYABLES

	30 June 2017 \$'000	30 June 2016 \$'000
Purchase of securities awaiting settlement	(63,622)	-
Interest payable	(1,326)	(764)
Management fees payable	(2,505)	(1,148)
Capital gains tax payable	(7,596)	(4,191)
Other payables	(55)	-
	(75,104)	(6,103)

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF INVESTMENTS

As at 30 June 2017

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Transferable Securities Admitted to an Official Stock Exchange Listing or traded on a Regulated Market (30 June 2016: 96.60%)				Colombia (30 June 2016: 6.64%) (cont)			
Bonds (30 June 2016: 96.60%)				Government bonds: BBB rating (cont)			
Brazil (30 June 2016: 10.48%)				137,300,000,000 Colombian TES 7.75% 18/09/2030 48,720 0.76			
Government bonds: BB/*- rating				198,500,000,000 Colombian TES 10% 24/07/2024 79,051 1.23			
75,900,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2019	23,257	0.36	118,701,700,000	Colombian TES 11% 24/07/2020	44,685	0.70
447,570,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2021	135,311	2.11	42,000,000,000	Colombian TES 11.25% 24/10/2018	14,859	0.23
479,810,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2023	143,301	2.23	Total Colombia 427,950 6.66			
322,000,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2025	95,015	1.48	Hungary (30 June 2016: 4.60%)			
219,000,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2027	64,217	1.00	Government bonds: BBB- rating			
28,500,000	Brazilian Government International Bond 8.5% 05/01/2024 [^]	8,548	0.13	2,000,000,000	Hungary Government Bond 1% 23/09/2020	7,437	0.11
38,580,000	Brazilian Government International Bond 10.25% 10/01/2028 [^]	12,357	0.19	4,100,000,000	Hungary Government Bond 2% 30/10/2019	15,716	0.24
32,380,000	Brazilian Government International Bond 12.5% 05/01/2022	11,031	0.17	6,405,410,000	Hungary Government Bond 2.5% 27/10/2021	24,839	0.39
Total Brazil 493,037 7.67				7,550,000,000	Hungary Government Bond 3% 26/06/2024	28,900	0.45
Chile (30 June 2016: 0.09%)				4,150,000,000	Hungary Government Bond 3% 27/10/2027 [^]	15,170	0.24
Government bonds: AA- rating				9,108,900,000	Hungary Government Bond 3.5% 24/06/2020	36,448	0.57
2,000,000,000	Bonos de la Tesoreria de la Republica en pesos 4.5% 01/03/2021	3,102	0.05	2,630,370,000	Hungary Government Bond 5.5% 20/12/2018	10,464	0.16
6,600,000,000	Bonos de la Tesoreria de la Republica en pesos 4.5% 01/03/2026	10,200	0.16	7,685,000,000	Hungary Government Bond 5.5% 24/06/2025	33,957	0.53
8,570,000,000	Bonos de la Tesoreria de la Republica en pesos 5% 01/03/2035	13,593	0.21	7,358,850,000	Hungary Government Bond 6% 24/11/2023	33,335	0.52
12,985,000,000	Chile Government International Bond 5.5% 05/08/2020	20,737	0.32	6,803,370,000	Hungary Government Bond 6.5% 24/06/2019	28,192	0.44
Total Chile 47,632 0.74				7,235,750,000	Hungary Government Bond 7% 24/06/2022 [^]	33,488	0.52
Colombia (30 June 2016: 6.64%)				5,412,200,000	Hungary Government Bond 7.5% 12/11/2020	24,354	0.38
Government bonds: BBB rating				Total Hungary 292,300 4.55			
15,950,000,000	Colombia Government International Bond 4.375% 21/03/2023	4,831	0.07	Indonesia (30 June 2016: 9.71%)			
42,449,000,000	Colombia Government International Bond 7.75% 14/04/2021	14,825	0.23	Government bonds: BBB- rating			
9,420,000,000	Colombia Government International Bond 9.85% 28/06/2027	3,938	0.06	231,628,000,000	Indonesia Treasury Bond 5.625% 15/05/2023	16,369	0.25
61,200,000,000	Colombian TES 5% 21/11/2018	20,082	0.31	92,500,000,000	Indonesia Treasury Bond 6.125% 15/05/2028	6,389	0.10
105,000,000,000	Colombian TES 6% 28/04/2028	32,608	0.51	40,150,000,000	Indonesia Treasury Bond 6.375% 15/04/2042	2,536	0.04
91,400,000,000	Colombian TES 7% 11/09/2019	30,949	0.48	235,900,000,000	Indonesia Treasury Bond 6.625% 15/05/2033	16,248	0.25
185,900,000,000	Colombian TES 7% 04/05/2022	63,542	0.99	305,110,000,000	Indonesia Treasury Bond 7% 15/05/2022	23,213	0.36
20,750,000,000	Colombian TES 7% 30/06/2032	6,799	0.11	435,050,000,000	Indonesia Treasury Bond 7% 15/05/2027	33,083	0.52
180,800,000,000	Colombian TES 7.5% 26/08/2026	63,061	0.98	441,409,000,000	Indonesia Treasury Bond 7.875% 15/04/2019	33,919	0.53
				505,688,000,000	Indonesia Treasury Bond 8.25% 15/07/2021	40,002	0.62

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2017

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (30 June 2016: 96.60%) (cont)				Malaysia (30 June 2016: 9.65%) (cont)			
Indonesia (30 June 2016: 9.71%) (cont)				Government bonds: A- rating (cont)			
Government bonds: BBB- rating (cont)				90,100,000	Malaysia Government Bond 3.759% 15/03/2019	21,125	0.33
367,860,000,000	Indonesia Treasury Bond 8.25% 15/06/2032	29,516	0.46	20,100,000	Malaysia Government Bond 3.795% 30/09/2022	4,690	0.07
444,500,000,000	Indonesia Treasury Bond 8.25% 15/05/2036	35,689	0.56	56,000,000	Malaysia Government Bond 3.8% 17/08/2023	12,965	0.20
757,539,000,000	Indonesia Treasury Bond 8.375% 15/03/2024	61,552	0.96	16,180,000	Malaysia Government Bond 3.844% 15/04/2033	3,528	0.06
921,520,000,000	Indonesia Treasury Bond 8.375% 15/09/2026	76,283	1.19	8,753,000	Malaysia Government Bond 3.889% 31/07/2020	2,058	0.03
457,729,000,000	Indonesia Treasury Bond 8.375% 15/03/2034	36,962	0.58	10,554,000	Malaysia Government Bond 3.892% 15/03/2027	2,419	0.04
351,823,000,000	Indonesia Treasury Bond 8.75% 15/05/2031	29,768	0.46	106,940,000	Malaysia Government Bond 3.9% 30/11/2026	24,855	0.39
50,000,000,000	Indonesia Treasury Bond 8.75% 15/02/2044	4,110	0.06	58,718,000	Malaysia Government Bond 3.955% 15/09/2025	13,641	0.21
558,250,000,000	Indonesia Treasury Bond 9% 15/03/2029	47,648	0.74	47,959,000	Malaysia Government Bond 4.048% 30/09/2021	11,333	0.18
117,560,000,000	Indonesia Treasury Bond 9.5% 15/07/2023	9,967	0.16	3,696,000	Malaysia Government Bond 4.127% 15/04/2032	828	0.01
133,870,000,000	Indonesia Treasury Bond 9.5% 15/07/2031	11,853	0.18	89,520,000	Malaysia Government Bond 4.16% 15/07/2021	21,224	0.33
84,670,000,000	Indonesia Treasury Bond 9.5% 15/05/2041	7,497	0.12	90,062,000	Malaysia Government Bond 4.181% 15/07/2024	21,344	0.33
53,000,000,000	Indonesia Treasury Bond 10% 15/09/2024	4,643	0.07	79,500,000	Malaysia Government Bond 4.232% 30/06/2031	18,216	0.28
48,430,000,000	Indonesia Treasury Bond 10.25% 15/07/2022	4,166	0.06	73,500,000	Malaysia Government Bond 4.254% 31/05/2035	16,637	0.26
107,580,000,000	Indonesia Treasury Bond 10.5% 15/08/2030	10,168	0.16	90,680,000	Malaysia Government Bond 4.378% 29/11/2019	21,584	0.34
36,580,000,000	Indonesia Treasury Bond 10.5% 15/07/2038	3,513	0.05	21,865,000	Malaysia Government Bond 4.392% 15/04/2026	5,219	0.08
270,885,000,000	Indonesia Treasury Bond 11% 15/11/2020	22,978	0.36	73,475,000	Malaysia Government Bond 4.498% 15/04/2030	17,229	0.27
114,252,000,000	Indonesia Treasury Bond 11% 15/09/2025	10,657	0.17	19,000,000	Malaysia Government Bond 4.736% 15/03/2046	4,420	0.07
58,455,000,000	Indonesia Treasury Bond 12.8% 15/06/2021	5,315	0.08	22,500,000	Malaysia Government Bond 4.935% 30/09/2043	5,346	0.08
45,990,000,000	Indonesia Treasury Bond 12.9% 15/06/2022	4,340	0.07	4,706,000	Malaysia Government Bond 5.248% 15/09/2028	1,192	0.02
	Total Indonesia	588,384	9.16	68,422,000	Malaysia Government Bond 5.734% 30/07/2019	16,680	0.26
Malaysia (30 June 2016: 9.65%)				100,500,000	Malaysia Government Investment Issue 3.226% 15/04/2020	23,177	0.36
Government bonds: A- rating				5,000,000	Malaysia Government Investment Issue 3.493% 31/10/2023	1,132	0.02
34,530,000	Malaysia Government Bond 3.418% 15/08/2022	7,926	0.12	28,900,000	Malaysia Government Investment Issue 3.558% 30/04/2019	6,744	0.11
76,640,000	Malaysia Government Bond 3.48% 15/03/2023	17,507	0.27	7,500,000	Malaysia Government Investment Issue 3.699% 15/11/2022	1,731	0.03
86,506,000	Malaysia Government Bond 3.492% 31/03/2020	20,143	0.31	71,982,000	Malaysia Government Investment Issue 3.743% 26/08/2021	16,746	0.26
114,800,000	Malaysia Government Bond 3.62% 30/11/2021	26,683	0.42	97,500,000	Malaysia Government Investment Issue 3.799% 27/08/2020	22,797	0.36
104,810,000	Malaysia Government Bond 3.654% 31/10/2019	24,550	0.38	10,000,000	Malaysia Government Investment Issue 3.872% 30/08/2018	2,344	0.04
55,000,000	Malaysia Government Bond 3.659% 15/10/2020	12,842	0.20	9,000,000	Malaysia Government Investment Issue 3.91% 13/08/2019	2,115	0.03
41,650,000	Malaysia Government Bond 3.733% 15/06/2028	9,299	0.14				

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2017

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (30 June 2016: 96.60%) (cont)				Peru (30 June 2016: 1.89%) (cont)			
Malaysia (30 June 2016: 9.65%) (cont)				Government bonds: BBB+ rating (cont)			
Government bonds: A- rating (cont)				21,300,000	Peru Government Bond 6.85% 12/02/2042	7,055	0.11
34,800,000	Malaysia Government Investment Issue 3.99% 15/10/2025	8,047	0.13	66,700,000	Peru Government Bond 6.9% 12/08/2037	22,427	0.35
16,000,000	Malaysia Government Investment Issue 4.045% 15/08/2024	3,745	0.06	88,000,000	Peru Government Bond 6.95% 12/08/2031	29,906	0.47
69,500,000	Malaysia Government Investment Issue 4.07% 30/09/2026	16,142	0.25	19,900,000	Peru Government Bond 7.84% 12/08/2020	6,812	0.11
60,000,000	Malaysia Government Investment Issue 4.194% 15/07/2022	14,191	0.22	60,700,000	Peru Government Bond 8.2% 12/08/2026	22,473	0.35
37,500,000	Malaysia Government Investment Issue 4.245% 30/09/2030	8,517	0.13	Total Peru		166,094	2.59
31,000,000	Malaysia Government Investment Issue 4.258% 26/07/2027	7,312	0.11	Philippines (30 June 2016: 0.39%)			
63,000,000	Malaysia Government Investment Issue 4.39% 07/07/2023	15,020	0.23	Government bonds: BBB rating			
36,200,000	Malaysia Government Investment Issue 4.444% 22/05/2024	8,637	0.13	562,000,000	Philippine Government International Bond 3.9% 26/11/2022	11,043	0.17
11,150,000	Malaysia Government Investment Issue 4.582% 30/08/2033	2,626	0.04	233,000,000	Philippine Government International Bond 4.95% 15/01/2021	4,777	0.08
24,360,000	Malaysia Government Investment Issue 4.786% 31/10/2035	5,771	0.09	1,382,000,000	Philippine Government International Bond 6.25% 14/01/2036	30,953	0.48
Total Malaysia		532,277	8.28	Total Philippines		46,773	0.73
Mexico (30 June 2016: 9.19%)				Poland (30 June 2016: 9.20%)			
Government bonds: BBB+ rating				Government bonds: BBB+ rating			
470,104,000	Mexican Bonos 4.75% 14/06/2018	25,482	0.40	45,000,000	Republic of Poland Government Bond 0% 25/04/2019	11,745	0.18
907,000,000	Mexican Bonos 5% 11/12/2019	48,312	0.75	176,500,000	Republic of Poland Government Bond 2.25% 25/04/2022	46,731	0.73
546,307,000	Mexican Bonos 5.75% 05/03/2026	28,163	0.44	164,130,000	Republic of Poland Government Bond 2.5% 25/07/2027	41,199	0.64
1,374,827,500	Mexican Bonos 6.5% 10/06/2021	75,718	1.18	183,628,000	Republic of Poland Government Bond 1.5% 25/04/2020	48,699	0.76
692,395,000	Mexican Bonos 6.5% 09/06/2022	38,050	0.59	180,910,000	Republic of Poland Government Bond 1.75% 25/07/2021	47,439	0.74
877,141,500	Mexican Bonos 7.5% 03/06/2027	50,885	0.79	163,130,000	Republic of Poland Government Bond 2% 25/04/2021	43,354	0.67
667,358,000	Mexican Bonos 7.75% 29/05/2031	39,355	0.61	124,741,000	Republic of Poland Government Bond 2.5% 25/07/2018	33,953	0.53
426,203,000	Mexican Bonos 7.75% 23/11/2034	25,223	0.39	216,166,000	Republic of Poland Government Bond 2.5% 25/07/2026 [^]	55,105	0.86
853,229,000	Mexican Bonos 7.75% 13/11/2042	49,612	0.77	143,907,000	Republic of Poland Government Bond 3.25% 25/07/2019 [^]	39,852	0.62
737,464,400	Mexican Bonos 8% 11/06/2020	42,272	0.66	177,504,000	Republic of Poland Government Bond 3.25% 25/07/2025	48,313	0.75
397,721,500	Mexican Bonos 8% 07/12/2023	23,481	0.36	172,376,000	Republic of Poland Government Bond 4% 25/10/2023 [^]	49,502	0.77
190,000,000	Mexican Bonos 8% 07/11/2047	11,390	0.18	142,209,000	Republic of Poland Government Bond 5.25% 25/10/2020	42,021	0.65
962,031,200	Mexican Bonos 8.5% 13/12/2018	54,374	0.85	93,279,000	Republic of Poland Government Bond 5.5% 25/10/2019	27,157	0.42
441,193,000	Mexican Bonos 8.5% 31/05/2029	27,577	0.43	92,680,000	Republic of Poland Government Bond 5.75% 25/10/2021 [^]	28,324	0.44
349,520,000	Mexican Bonos 8.5% 18/11/2038	21,944	0.34	144,369,000	Republic of Poland Government Bond 5.75% 23/09/2022 [^]	44,646	0.70
1,034,393,800	Mexican Bonos 10% 05/12/2024	67,997	1.06	Total Poland		608,040	9.46
294,329,000	Mexican Bonos 10% 20/11/2036	21,051	0.33				
Total Mexico		650,886	10.13				
Peru (30 June 2016: 1.89%)							
Government bonds: BBB+ rating							
22,650,000	Peru Government Bond 5.2% 12/09/2023	7,155	0.11				
60,780,000	Peru Government Bond 5.7% 12/08/2024	19,485	0.30				
155,000,000	Peru Government Bond 6.35% 12/08/2028	50,781	0.79				

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2017

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (30 June 2016: 96.60%) (cont)				South Africa (30 June 2016: 8.62%)			
Romania (30 June 2016: 2.23%)				Government bonds: BB+ rating			
Government bonds: BBB- rating				617,038,592	Republic of South Africa Government Bond 6.25% 31/03/2036	33,207	0.52
54,720,000	Romania Government Bond 2.25% 26/02/2020	13,829	0.21	513,906,000	Republic of South Africa Government Bond 6.5% 28/02/2041 [^]	27,331	0.42
43,000,000	Romania Government Bond 2.5% 29/04/2019	10,976	0.17	313,260,000	Republic of South Africa Government Bond 6.75% 31/03/2021 [^]	23,131	0.36
109,950,000	Romania Government Bond 3.25% 22/03/2021	28,363	0.44	629,650,000	Republic of South Africa Government Bond 7% 28/02/2031	39,268	0.61
56,675,000	Romania Government Bond 3.5% 19/12/2022	14,585	0.23	449,289,000	Republic of South Africa Government Bond 7.25% 15/01/2020	33,974	0.53
59,000,000	Romania Government Bond 5.8% 26/07/2027 [^]	16,992	0.26	435,345,000	Republic of South Africa Government Bond 7.75% 28/02/2023 [^]	32,589	0.51
55,980,000	Romania Government Bond 4.75% 24/06/2019	14,916	0.23	210,827,000	Republic of South Africa Government Bond 8% 21/12/2018	16,185	0.25
63,685,000	Romania Government Bond 4.75% 24/02/2025 [^]	17,180	0.27	827,761,000	Republic of South Africa Government Bond 8% 31/01/2030	57,095	0.89
42,330,000	Romania Government Bond 5.6% 28/11/2018	11,262	0.17	456,500,000	Republic of South Africa Government Bond 8.25% 31/03/2032	31,394	0.49
82,600,000	Romania Government Bond 5.75% 29/04/2020	22,837	0.36	828,710,000	Republic of South Africa Government Bond 8.5% 31/01/2037	56,098	0.87
59,430,000	Romania Government Bond 5.85% 26/04/2023 [^]	17,095	0.27	1,007,880,000	Republic of South Africa Government Bond 8.75% 31/01/2044	68,519	1.07
69,880,000	Romania Government Bond 5.95% 11/06/2021	19,775	0.31	170,000,000	Republic of South Africa Government Bond 8.75% 28/02/2048	11,563	0.18
	Total Romania	187,810	2.92	319,911,000	Republic of South Africa Government Bond 8.875% 28/02/2035	22,677	0.35
Russian Federation (30 June 2016: 4.69%)				230,000,000	Republic of South Africa Government Bond 9% 31/01/2040	16,147	0.25
Government bonds: BB+ rating				1,162,721,900	Republic of South Africa Government Bond 10.5% 21/12/2026	98,367	1.53
983,230,000	Russian Federal Bond - OFZ 6.4% 27/05/2020	15,993	0.25		Total South Africa	567,545	8.83
1,549,330,000	Russian Federal Bond - OFZ 6.7% 15/05/2019	25,626	0.40	Thailand (30 June 2016: 9.63%)			
1,039,694,000	Russian Federal Bond - OFZ 6.8% 11/12/2019	17,147	0.27	Government bonds: BBB+ rating			
973,520,000	Russian Federal Bond - OFZ 7% 25/01/2023	15,840	0.25	1,877,805,000	Thailand Government Bond 1.875% 17/06/2022	55,036	0.86
1,804,146,000	Russian Federal Bond - OFZ 7% 16/08/2023	29,382	0.46	1,140,000,000	Thailand Government Bond 2.125% 17/12/2026	32,473	0.51
1,564,072,000	Russian Federal Bond - OFZ 7.05% 19/01/2028	25,137	0.39	1,640,000,000	Thailand Government Bond 2.55% 26/06/2020	49,609	0.77
1,365,000,000	Russian Federal Bond - OFZ 7.4% 07/12/2022	22,661	0.35	1,344,000,000	Thailand Government Bond 3.4% 17/06/2036	41,435	0.64
793,540,000	Russian Federal Bond - OFZ 7.5% 27/02/2019	13,312	0.21	674,290,000	Thailand Government Bond 3.45% 08/03/2019	20,477	0.32
2,330,000,000	Russian Federal Bond - OFZ 7.5% 18/08/2021	38,839	0.60	327,128,000	Thailand Government Bond 3.58% 17/12/2027	10,474	0.16
993,910,000	Russian Federal Bond - OFZ 7.6% 14/04/2021	16,643	0.26	1,405,208,000	Thailand Government Bond 3.625% 16/06/2023	44,671	0.70
1,159,300,000	Russian Federal Bond - OFZ 7.6% 20/07/2022	19,403	0.30	1,875,614,000	Thailand Government Bond 3.65% 17/12/2021	59,422	0.92
785,000,000	Russian Federal Bond - OFZ 7.7% 23/03/2033	13,023	0.20				
2,090,000,000	Russian Federal Bond - OFZ 7.75% 16/09/2026	35,292	0.55				
1,762,202,000	Russian Federal Bond - OFZ 8.15% 03/02/2027	30,949	0.48				
2,030,255,000	Russian Federal Bond - OFZ 8.5% 17/09/2031	36,356	0.57				
	Total Russian Federation	355,603	5.54				

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2017

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (30 June 2016: 96.60%) (cont)				Turkey (30 June 2016: 9.59%) (cont)			
Thailand (30 June 2016: 9.63%) (cont)				Government bonds: BB rating (cont)			
Government bonds: BBB+ rating (cont)				83,807,000	Turkey Government Bond 8.5% 14/09/2022 [^]	22,005	0.34
265,000,000	Thailand Government Bond 3.65% 20/06/2031	8,383	0.13	54,000,000	Turkey Government Bond 8.7% 11/07/2018	14,990	0.23
135,610,000	Thailand Government Bond 3.8% 14/06/2041	4,272	0.07	101,113,000	Turkey Government Bond 8.8% 14/11/2018	27,889	0.43
1,591,316,000	Thailand Government Bond 3.85% 12/12/2025	51,821	0.81	85,301,000	Turkey Government Bond 8.8% 27/09/2023 [^]	22,544	0.35
1,733,902,000	Thailand Government Bond 3.875% 13/06/2019	53,315	0.83	86,736,000	Turkey Government Bond 9% 24/07/2024	23,084	0.36
1,563,800,000	Thailand Government Bond 4.26% 12/12/2037	52,093	0.81	143,500,000	Turkey Government Bond 9.2% 22/09/2021	38,919	0.61
271,178,000	Thailand Government Bond 4.675% 29/06/2044	9,802	0.15	92,890,000	Turkey Government Bond 9.4% 08/07/2020	25,615	0.40
110,794,000	Thailand Government Bond 4.75% 20/12/2024	3,798	0.06	69,111,000	Turkey Government Bond 9.5% 12/01/2022	18,916	0.30
1,706,658,000	Thailand Government Bond 4.875% 22/06/2029	61,170	0.95	50,156,000	Turkey Government Bond 10.4% 27/03/2019 [^]	14,130	0.22
101,170,000	Thailand Government Bond 5.625% 12/01/2019	3,160	0.05	57,020,000	Turkey Government Bond 10.4% 20/03/2024	16,285	0.25
	Total Thailand	561,411	8.74	88,329,000	Turkey Government Bond 10.5% 15/01/2020	25,037	0.39
Turkey (30 June 2016: 9.59%)				215,425,000	Turkey Government Bond 10.6% 11/02/2026	62,208	0.97
Government bonds: BB rating				100,730,000	Turkey Government Bond 10.7% 17/02/2021	28,703	0.45
114,551,000	Turkey Government Bond 7.1% 08/03/2023 [^]	28,045	0.44	5,000,000	Turkey Government Bond 11% 02/03/2022	1,446	0.02
80,122,000	Turkey Government Bond 7.4% 05/02/2020	21,098	0.33		Total Turkey	466,856	7.27
106,600,000	Turkey Government Bond 8% 12/03/2025	26,672	0.42		Total bonds	5,992,598	93.27
30,854,000	Turkey Government Bond 8.3% 20/06/2018	8,536	0.13				
149,482,000	Turkey Government Bond 8.5% 10/07/2019	40,734	0.63				

Currency	Amount Purchased	Currency	Amount Sold	Underlying Exposure (€)	Maturity date	Unrealised gain/(loss) €'000*	% of net asset value
Financial derivative instruments							
Forward currency contracts							
BRL	9,190,000	USD	2,758,020	2,757,102	02/08/2017	(1)	0.00
BRL	243,670,000	USD	73,879,692	73,103,705	02/08/2017	(775)	(0.02)
BRL	63,420,000	USD	18,841,355	18,862,173	14/09/2017	21	0.00
BRL	19,810,000	USD	5,929,629	5,891,827	14/09/2017	(38)	0.00
BRL	45,160,000	USD	13,485,854	13,431,342	14/09/2017	(55)	0.00
BRL	17,400,000	USD	5,203,661	5,175,052	14/09/2017	(29)	0.00
COP	44,768,795,000	USD	14,937,412	14,510,652	14/09/2017	(427)	(0.01)
COP	25,987,740,000	USD	8,500,202	8,423,257	14/09/2017	(77)	0.00
HUF	1,973,040,000	USD	7,189,114	7,301,512	14/09/2017	112	0.00
IDR	39,987,280,000	USD	2,983,012	2,974,857	14/09/2017	(8)	0.00
IDR	167,251,860,000	USD	12,467,526	12,442,715	14/09/2017	(25)	0.00

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2017

Currency	Amount Purchased	Currency	Amount Sold	Underlying Exposure (€)	Maturity date	Unrealised gain/(loss) €'000*	% of net asset value
Financial derivative instruments (cont)							
Forward currency contracts (cont)							
IDR	72,097,720,000	USD	5,370,407	5,363,715	14/09/2017	(7)	0.00
IDR	126,840,210,000	USD	9,447,688	9,436,287	14/09/2017	(11)	0.00
IDR	130,322,555,000	USD	9,720,420	9,695,356	14/09/2017	(25)	0.00
MXN	66,940,000	USD	3,653,384	3,657,803	14/09/2017	4	0.00
MXN	170,870,000	USD	9,276,199	9,336,850	14/09/2017	61	0.00
MXN	100,000,000	USD	5,496,844	5,464,300	14/09/2017	(33)	0.00
MXN	196,740,000	USD	10,857,575	10,750,464	14/09/2017	(107)	0.00
MYR	279,210,000	USD	65,422,917	64,700,089	14/09/2017	(723)	(0.02)
MYR	132,840,000	USD	30,741,149	30,782,421	14/09/2017	41	0.00
MYR	26,045,000	USD	6,105,251	6,035,292	14/09/2017	(70)	0.00
PEN	12,000,000	USD	3,633,061	3,670,286	14/09/2017	37	0.00
PLN	13,030,000	USD	3,481,263	3,512,582	14/09/2017	31	0.00
PLN	34,095,000	USD	9,058,998	9,191,211	14/09/2017	132	0.00
PLN	67,600,000	USD	18,060,331	18,223,372	14/09/2017	163	0.01
RON	15,000,000	USD	3,695,065	3,761,037	14/09/2017	66	0.00
RUB	465,740,000	USD	7,964,838	7,746,734	14/09/2017	(218)	0.00
THB	215,470,000	USD	6,350,615	6,343,127	14/09/2017	(7)	0.00
THB	218,850,000	USD	6,422,028	6,442,629	14/09/2017	21	0.00
THB	1,806,365,000	USD	53,034,792	53,176,789	14/09/2017	142	0.00
THB	183,540,000	USD	5,403,162	5,403,154	14/09/2017	-	0.00
THB	286,370,000	USD	8,437,537	8,430,321	14/09/2017	(7)	0.00
THB	176,360,000	USD	5,195,065	5,191,785	14/09/2017	(3)	0.00
TRY	10,670,000	USD	2,952,882	2,967,780	14/09/2017	15	0.00
TRY	24,945,000	USD	6,871,495	6,938,264	14/09/2017	67	0.00
TRY	14,900,000	USD	4,146,072	4,144,323	14/09/2017	(2)	0.00
TRY	26,460,000	USD	7,362,660	7,359,649	14/09/2017	(3)	0.00
USD	4,686,717	CLP	3,127,540,000	4,695,054	14/09/2017	(8)	0.00
USD	21,443,706	CLP	14,301,880,000	21,469,942	14/09/2017	(26)	0.00
USD	4,078,924	CLP	2,713,300,000	4,073,198	14/09/2017	6	0.00
USD	2,990,252	CLP	2,000,000,000	3,002,394	14/09/2017	(12)	0.00
USD	5,801,677	CLP	3,874,360,000	5,816,178	14/09/2017	(15)	0.00
USD	4,322,765	CLP	2,871,310,000	4,310,403	14/09/2017	12	0.00
USD	18,631,277	COP	55,181,185,000	17,885,560	14/09/2017	747	0.02
USD	35,189,682	HUF	9,637,750,000	35,665,848	14/09/2017	(476)	(0.01)
USD	5,181,315	HUF	1,400,000,000	5,180,897	14/09/2017	-	0.00
USD	4,714,580	MXN	87,050,000	4,756,673	14/09/2017	(42)	0.00
USD	2,534,267	PEN	8,320,000	2,544,732	14/09/2017	(10)	0.00
USD	15,797,453	PEN	52,100,000	15,935,158	14/09/2017	(138)	0.00
USD	5,707,579	PHP	283,895,000	5,586,505	14/09/2017	121	0.00
USD	3,813,833	PHP	189,800,000	3,734,897	14/09/2017	79	0.00
USD	4,981,740	PHP	253,720,000	4,992,719	14/09/2017	(11)	0.00
USD	4,017,920	PHP	200,000,000	3,935,613	14/09/2017	82	0.00
USD	4,737,400	PHP	236,870,000	4,661,144	14/09/2017	76	0.00
USD	5,021,089	PHP	250,000,000	4,919,517	14/09/2017	102	0.00
USD	9,181,925	PLN	35,000,000	9,435,178	14/09/2017	(253)	0.00
USD	6,412,389	RON	25,630,000	6,426,358	14/09/2017	(14)	0.00

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2017

Currency	Amount Purchased	Currency	Amount Sold	Underlying Exposure (€)	Maturity date	Unrealised gain/(loss) €'000*	% of net asset value
Financial derivative instruments (cont)							
Forward currency contracts (cont)							
USD	14,473,393	RON	58,775,000	14,736,996	14/09/2017	(264)	0.00
USD	3,251,818	RUB	188,890,000	3,141,840	14/09/2017	110	0.00
USD	9,255,678	TRY	33,500,000	9,317,772	14/09/2017	(62)	0.00
USD	4,753,023	ZAR	62,305,000	4,698,915	14/09/2017	54	0.00
ZAR	155,735,000	USD	11,918,723	11,745,213	14/09/2017	(174)	0.00
Total unrealised gains on forward currency contracts						2,302	0.03
Total unrealised losses on forward currency contracts						(4,156)	(0.06)
Net unrealised losses on forward currency contracts						(1,854)	(0.03)
Total financial derivative Instruments						(1,854)	(0.03)

Investment	Fair value \$'000	% of net asset value
Total value of investments	5,990,744	93.24
Cash equivalents (31 December 2016: Nil)		
UCITS collective investment schemes - Money Market Funds (31 December 2016: Nil)		
150,000,000 Institutional Cash Series Plc - Institutional US Dollar Liquidity Fund**	150,000	2.33
Cash†	232,194	3.61
Other net assets	52,336	0.82
Net asset value attributable to redeemable participating shareholders at the end of the financial year	6,425,274	100.00

Underlying exposure has been calculated according to the guidelines issued by the European Securities and Market Authority ("ESMA") and represents the market value of an equivalent position in the assets underlying each financial derivative instrument.

Analysis of total current assets gross of all liabilities	Fair value \$'000	% of total current assets
Transferable securities admitted to an official stock exchange listing	4,486,998	68.98
Transferable securities dealt in on another regulated market	1,505,600	23.15
OTC financial derivative instruments	2,302	0.04
UCITS collective investment schemes - Money Market Funds	150,000	2.31
Other assets	359,634	5.52
Total current assets	6,504,534	100.00

† Cash holdings of \$227,044,000 are held with State Street Bank and Trust Company. \$5,150,000 is held as security for non-deliverable forward currency contracts with State Street Bank and Trust Company, JP Morgan Chase Bank, Barclays Bank Plc, Citibank NA and Morgan Stanley & Co International.

^ These securities are partially or fully transferred as securities lent.

* Investments which are less than \$500 are rounded to zero.

** Investment in related party.

All credit ratings are shown as at 30 June 2017.

Fixed income securities are primarily classified by country of issuer for government type fixed income securities.

iShares EM Local Govt Bond UCITS ETF

SCHEDULE OF MATERIAL PURCHASES AND SALES (unaudited)

For the financial year ended 30 June 2017

Holding Investments		Proceeds \$'000	Holding Investments		Cost \$'000
Sales			Purchases		
2,078,665,000	Thailand Government Bond 4.875% 22/06/2029	71,305	392,710,000	Brazil Notas do Tesouro Nacional Serie F 10.000% 01/01/2023	118,361
174,000,000	Brazil Notas do Tesouro Nacional Serie F 10.000% 01/01/2023	50,380	251,500,000	Brazil Notas do Tesouro Nacional Serie F 10.000% 01/01/2021	76,342
166,500,000	Brazil Notas do Tesouro Nacional Serie F 10.000% 01/01/2021	47,069	226,000,000	Brazil Notas do Tesouro Nacional Serie F 10.000% 01/01/2025	66,513
144,000,000	Brazil Notas do Tesouro Nacional Serie F 10.000% 01/01/2025	39,551	797,800,000	Republic of South Africa Government Bond 10.500% 21/12/2026	65,435
140,420,000	Malaysia Government Investment Issue 3.508% 15/05/2018	32,178	211,500,000	Brazil Notas do Tesouro Nacional Serie F 10.000% 01/01/2027	62,231
132,000,000	Republic of Poland Government Bond 1.500% 25/04/2020	31,888	995,890,800	Mexican Bonos 10.000% 05/12/2024	62,071
116,877,000	Republic of Poland Government Bond 25/04/2018	29,747	886,880,000	Republic of South Africa Government Bond 8.750% 31/01/2044	61,124
394,850,000,000	Indonesia Treasury Bond 5.250% 15/05/2018	29,096	146,300,000,000	Colombian TES 10.000% 24/07/2024	59,612
440,500,000	Mexican Bonos 10.000% 05/12/2024	26,384	199,000,000	Turkey Government Bond 10.600% 11/02/2026	59,519
305,000,000,000	Indonesia Treasury Bond 8.375% 15/03/2024	23,986	1,643,974,000	Thailand Government Bond 4.875% 22/06/2029	58,957
104,000,000	Malaysia Government Bond 3.759% 15/03/2019	23,672	716,000,000,000	Indonesia Treasury Bond 8.375% 15/09/2026	58,517
456,000,000	Mexican Bonos 5.000% 11/12/2019	23,176	1,108,437,500	Mexican Bonos 6.500% 10/06/2021	57,906
293,000,000	Republic of South Africa Government Bond 10.500% 21/12/2026	23,068	160,500,000,000	Colombian TES 7.500% 26/08/2026	57,134
82,000,000	Turkey Government Bond 9.400% 08/07/2020	22,868	1,125,000,000	Mexican Bonos 5.000% 11/12/2019	56,575
717,000,000	Thailand Government Bond 3.650% 17/12/2021	21,748	159,500,000,000	Colombian TES 7.000% 04/05/2022	55,747
279,000,000,000	Indonesia Treasury Bond 8.250% 15/05/2036	21,159	1,891,000,000	Thailand Government Bond 1.875% 17/06/2022	53,905
411,696,000	Mexican Bonos 4.750% 14/06/2018	19,598	218,008,000	Republic of Poland Government Bond 1.500% 25/04/2020	53,618
70,430,000	Republic of Poland Government Bond 5.250% 25/10/2017	19,105	663,500,000,000	Indonesia Treasury Bond 8.375% 15/03/2024	53,419
320,000,000	Republic of South Africa Government Bond 7.000% 28/02/2031	18,750	730,000,000	Republic of South Africa Government Bond 8.000% 31/01/2030	50,320
48,500,000,000	Colombian TES 10.000% 24/07/2024	18,324	200,410,000	Republic of Poland Government Bond 1.750% 25/07/2021	50,131

The CBI requires a Schedule of material changes in the composition of the portfolio during the financial year. These are defined as aggregate purchases of a security exceeding one per cent of the total value of purchases for the financial year and aggregate disposals greater than one per cent of the total value of sales. At a minimum the largest 20 purchases and 20 sales must be given or all purchases and sales if less than 20. A full listing of the portfolio changes for the financial year is available, upon request, at no cost from the Administrator.

GLOSSARY* (unaudited)**Futures contracts**

A futures contract is a contract, traded on an exchange, to buy or sell a certain underlying instrument at a certain date in the future, at a specified price. They are entered into for the purposes of gaining exposure to or hedging against changes in interest rates, changes in the value of securities or foreign currencies. Depending on the terms of a particular contract, futures can be settled either through physical delivery of the underlying instrument or by payment of a cash amount on the settlement date. Upon entering into the contract the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on the contracts size and risk profile. During the life of the contract the Fund agrees to pay or receive an amount of cash equal to the daily fluctuation in the value of the contract known as variation margin. When the contract is closed, the Fund records a realised gain or loss equal to the difference between the value of the contract at the time it was open and the value at the time it was closed.

Forward currency contracts and Non-deliverable forward currency contracts

A forward currency contract is an agreement between two parties to buy or sell a currency at a set exchange rate at a certain date in the future. The Fund enters into forward currency contracts as an economic hedge against transactions or financial instruments and to obtain exposure to foreign currencies. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in US Dollar without the delivery of the foreign currency.

The unrealised gain or loss on open forward currency contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract as at the period end date.

Realised gains or losses are recognised on the maturity of a contract as the difference between the rate that the contract was entered into and the closing spot rate at the settlement date of the contract.

Contracts for difference

A CFD is an agreement between the Fund and a CFD counterparty to pay or receive the change in the value of an underlying security.

In a long CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have increased in value had it been invested in the underlying security or securities, plus any dividends that would have been received on those stocks. The Fund pays the counterparty a floating rate of interest on the notional amount of the CFD. The return to the Fund on a CFD contract will be the gain or loss on the notional amount plus any dividends accrued less the interest paid on the notional amount.

In a short CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have decreased in value had it been invested in the underlying security or securities. The Fund must also pay the counterparty the value of any dividends that would have been received on those stocks. The Fund receives from the counterparty a floating rate of interest on the notional amount of the CFD.

At each valuation point the difference in price between the opening price of the CFD and the market price of the underlying equity is recorded as the fair value (unrealised gain or loss) of the CFD in the balance sheet. Changes in the CFD contract value are settled daily with the CFD counterparty by paying or receiving collateral. Changes in unrealised gains or losses are recognised in the income statement. When the CFD is closed the difference between the opening price of the CFD and the closing price is recorded as a realised fair value gain or loss in the Statement of comprehensive income. The interest and dividends received or paid are recorded in the Statement of comprehensive income as interest or dividend income/expense.

Redeemable participating shares

The redeemable participating shares can be redeemed for cash equal to a proportionate share of the NAV calculated in accordance with the Company's prospectus. The redeemable participating share is valued at the redemption amount that is payable at the balance sheet date if the shareholder exercised their right to put the shares back to the Company.

The fair value of the financial liabilities for the redeemable participating shares is the redemption amount per share, calculated as the NAV per share less any associated duties and charges and any redemption fee which is payable on the shares redeemed. Any potential duties and charges are at the discretion of the Board of Directors.

Any distributions on these shares are recognised in the Income statement as finance costs.

* The Glossary is an integral part of the notes to the financial statements.

GLOSSARY* (unaudited) (continued)

Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, it is measured at its fair value through profit or loss, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Equalisation on Distributions

Equalisation arrangements are applied in the case of shares in the Company. These arrangements are intended to ensure that the income distribution per share is not affected by changes in the number of shares in issue during the financial year.

To ensure that each shareholder receives the same rate of distribution per share, the buying price of each share contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Company at the time of purchase/sale.

As part of the distribution payment, the average amount of this equalisation is returned to shareholders who subscribed to or redeemed from the Company during the financial year. The equalisation element of the distribution is treated as a repayment of capital.

* The Glossary is an integral part of the notes to the financial statements.

REPORT ON REMUNERATION (unaudited)

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Asset Management Ireland Limited (the "Manager"). The disclosures are made in accordance with the Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS"), as amended, including in particular by Directive 2014/91/EU of the European Parliament and of the council of 23 July 2014, (the "Directive"), and the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by the European Securities and Markets Authority.

BlackRock's UCITS Remuneration Policy (the "UCITS Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of UCITS funds in accordance with the Directive, and will ensure compliance with the requirements of Article 14b of the Directive.

The Manager has adopted the UCITS Remuneration Policy, a summary of which is set out below.

Role of the Compensation Committees

Remuneration governance is a tiered structure including the Management Development and Compensation Committee ("MDCC") of BlackRock, Inc.'s Board of Directors (the "BlackRock, Inc. Board") (BlackRock Inc.'s independent remuneration committee), complemented by the EMEA Compensation Committee (the "Committee") and the Manager's Board of Directors (the "Manager's Board"). These bodies are responsible for the determination of the Manager's remuneration policies.

(a) MDCC

The MDCC's primary purposes include:

- ▶ to provide oversight of:
 - BlackRock's executive compensation programmes;
 - BlackRock's employee benefit plans;
 - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator; and
- ▶ review and discuss the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approval of the MDCC report for inclusion in the proxy statement.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock, Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The MDCC is currently composed of Messrs. Gerber (Chairman), Komansky, Grosfeld, Maughan, Mills and Nixon. The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a "non-employee director" standard.

The MDCC held 8 meetings during 2016. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

(b) EMEA Compensation Committee

The Committee is established for the purpose of reviewing compensation policies, practices, and principles as required by local/regional rules set by regulatory bodies. Specifically, the Committee's primary purposes are to review and make recommendations concerning:

- ▶ executive compensation programs;
- ▶ employee benefit plans;
- ▶ such other compensation plans as may be established from time to time;
- ▶ other local/regional compensation policies, practices, and principles as required to comply with local/regional rules as set by regulators.

The Committee consists of a minimum of three members and is constituted in a way that enables it to exercise its judgement and demonstrate its ability to make decisions which are consistent with the current and future financial status of the business. The current members are: David Blumer, Head of the EMEA Region; Dan Dunay, Global Head of Compensation; and Karen Dennehy, EMEA Head of Human Resources.

REPORT ON REMUNERATION (unaudited) (continued)

(b) EMEA Compensation Committee (continued)

Only members of the Committee have the right to attend Committee meetings and the Committee may request the attendance of any executive or other person as deemed appropriate to facilitate the review of remuneration recommendations and policy design to ensure that the remuneration practices are consistent with effective risk management and do not encourage excessive risk taking.

Examples of additional attendees may include individuals from the Operational Risk and Regulatory Compliance functions.

Decision making process

Compensation decisions for employees are made once annually in January following the end of the performance year. This timing allows full year financial results to be considered along with other non-financial goals and objectives. Although the framework for compensation decision making is tied to financial performance, significant discretion is used to determine individual compensation based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual compensation amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award.

Annual incentive awards are generated from a bonus pool. The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the financial year by the MDCC and the final total bonus pool is approved after financial year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the financial year as well as final financial year-end information. The financial information that the MDCC receives and considers includes the current financial year projected income statement and other financial measures compared with prior financial year results and the current financial year budget. The MDCC additionally reviews other metrics of Blackrock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the financial year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the financial year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the financial year-end review process the Operational Risk and Regulatory Compliance departments report to the Committee on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Operational Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units. The head of each control function is either a member of the Global Executive Committee, BlackRock's global management committee, or has a reporting obligation to the Manager's Board.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the Committee.

Link between pay and performance

There is a clear and well defined pay for performance philosophy and compensation programmes which are designed to meet five key objectives as detailed below:

- ▶ Attracting, retaining and motivating employees capable of making significant contributions to the long-term success of the business;

REPORT ON REMUNERATION (unaudited) (continued)**Link between pay and performance (continued)**

- ▶ Aligning the interests of senior employees with those of shareholders by awarding BlackRock, Inc. stock as a significant part of both annual and long-term incentive awards;
- ▶ Controlling fixed costs by ensuring that compensation expense varies with profitability;
- ▶ Linking a significant portion of an employee's total compensation to the financial and operational performance of the business as well as its common stock performance; and
- ▶ Discouraging excessive risk taking.

Driving a high performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5 point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay for performance philosophy, ratings are used to differentiate and reward individual performance but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the financial year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- ▶ The performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- ▶ Factors relevant to an employee individually (e.g. relevant working arrangements (including part-time status if applicable); relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- ▶ The management of risk within the risk profiles appropriate for BlackRock's clients;
- ▶ Strategic business needs, including intentions regarding retention;
- ▶ Market intelligence; and
- ▶ Criticality to business.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high risk transactions outside of established parameters. Compensation practices do not provide undue incentives for short term planning or short term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

The compensation model includes a basic salary, which is contractual, and a discretionary bonus scheme. Although all employees are eligible to be considered for a bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in stock and subject to additional vesting/clawback conditions. As annual compensation increases, a greater portion is paid in stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests in equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards from the "Partner Plan" and "Enterprise Leadership Acceleration at BlackRock Plan" are made to select senior leaders to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentives for continued performance over a multi-year period recognizing the scope of the individual's role, business expertise and leadership skills. These awards usually vest fully three years after they are granted.

REPORT ON REMUNERATION (unaudited) (continued)

Link between pay and performance (continued)

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the “BlackRock Performance Incentive Plan” (“BPIP”). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin¹ and Organic Revenue Growth². Determination of pay-out will be made based on BlackRock’s achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where BlackRock’s financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the relevant employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have “skin in the game” through significant personal investments. These awards vest in equal instalments over the three years following grant.

Identified Staff

The UCITS Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- ▶ Organisational changes
- ▶ New business initiatives
- ▶ Changes in significant influence function lists
- ▶ Changes in role responsibilities
- ▶ Revised regulatory direction

Quantitative Remuneration Disclosure

Appropriate disclosures will be made in due course in accordance with Article 69(3) of the Directive once a full performance year has been completed.

¹ As Adjusted Operating Margin: As reported in BlackRock, Inc.’s external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commission.

² Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the financial year (in Dollars).

SUPPLEMENTARY INFORMATION (unaudited)**Efficient portfolio management**

The Company may, on behalf of each Fund and subject to the conditions and within the limits laid down by the Central Bank of Ireland, employ techniques and instruments relating to transferable securities for efficient portfolio management purposes. Transactions for the purposes of efficient portfolio management may be undertaken with a view to achieving a reduction in risk, a reduction in costs or the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the relevant Fund and the general provisions of the Directive. These techniques and instruments may include investments in FDI such as interest rate and bond futures (which may be used to manage interest rate risk), index futures (which may be used to manage cash flows on a short term basis), options (which may be used to achieve cost efficiencies, for example where the acquisition of the option is more cost effective than purchasing of the underlying asset), swaps (which may be used to manage currency risk) and investments in money market instruments and/or money market collective investment schemes. New techniques and instruments may be developed which may be suitable for use by the Company and the Company (subject to the Central Bank's requirements) may employ such techniques and instruments.

A Fund may enter into securities lending, repurchase and/or reverse repurchase agreements for the purposes of efficient portfolio management subject to the conditions and limits set out in the Central Bank UCITS Regulations and in accordance with the requirements of the Central Bank.

Securities Lending and CFDs

The following table details the value of securities on loan as a proportion of the Funds' total lendable assets and NAV and the value of CFDs as a proportion of the Fund's NAV, as at 30 June 2017 and the returns earned for the financial year ended 30 June 2017. Total lendable assets represents the aggregate value of assets forming part of the Funds' securities lending programme. This excludes any assets held by the Funds that are not considered lendable due to any market, regulatory, investment or other restriction. The value of the CFDs is based on the underlying exposure value on a gross absolute basis as disclosed in the Fund's schedule of investments.

Fund	Currency	Securities on loan		CFD's	
		% of lendable assets	% of NAV	% of NAV	Returns earned '000
iShares EM Local Govt Bond UCITS ETF	\$	9.60	4.45	-	-

The total income earned from securities lending transactions is split between the relevant Fund and the Securities Lending Agent. The Funds receive at least 62.5%, while the Securities Lending Agent receives up to 37.5% of such income, with all operational costs borne out of the Securities Lending Agent's share. Income earned during the financial year by the Funds from securities lending transactions is disclosed in the Funds' related parties section to the financial statements.

All CFDs will accrue to the Funds and are not subject to any returns sharing arrangements with the Fund's Manager or any other third parties.

The following tables detail the value of securities on loan and associated collateral received, analysed by borrowing counterparty as at 30 June 2017.

Counterparty*	Securities on loan \$'000	Collateral received \$'000
iShares EM Local Govt Bond UCITS ETF		
J.P. Morgan Securities Plc	213,529	229,924
Citigroup Global Markets Ltd	57,364	59,748
Barclays Bank Plc	9,906	10,495
Nomura International Plc	5,064	5,679
Total	285,863	305,846

All securities on loan and CFDS have an open maturity tenor as they are callable or terminable on a daily basis.

Collateral

The Funds engage in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty

SUPPLEMENTARY INFORMATION (unaudited) (continued)**Collateral (continued)**

The following table provides an analysis by currency of the cash and underlying non-cash collateral received by way of title transfer collateral arrangement by the Funds, in respect of securities lending transactions, as at 30 June 2017.

Currency	Non-cash Collateral received
iShares EM Local Govt Bond UCITS ETF	\$'000
CHF	1,528
DKK	22,823
EUR	170,735
GBP	28,212
JPY	35,581
SEK	212
USD	46,755
Total	305,846

The Funds are the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions and CFDs cannot be sold, re-invested or pledged.

The following tables provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Funds by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 June 2017.

	Maturity tenor					Open	Total
	2-7 days	8-30 days	31-90 days	91-365 days	More than 365 days		
iShares EM Local Govt Bond UCITS ETF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed income							
Investment grade	907	21,573	889	9,666	268,119	-	301,154
Equities							
Recognised equity index	-	-	-	-	-	4,692	4,692
Total	907	21,573	889	9,666	268,119	4,692	305,846

No collateral had a maturity tenor of less than 1 day.

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

A recognised equity index contains at least 20 equities where no single equity represents more than 20% of the total index and no five equities combined represent more than 60% of the total index.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while for equity securities, ETFs and money market funds received or posted as collateral are presented as open transactions as they are not subject to a contractual maturity date.

SUPPLEMENTARY INFORMATION (unaudited) (continued)**Collateral (continued)**

As at 30 June 2017, all non-cash collateral received by the Funds in respect of securities lending transactions is held by the Funds' Depository (or through its delegates), with the exception of the amounts disclosed in the following tables which are held through a securities settlement system.

Custodian	Non-cash collateral received Securities lending
iShares EM Local Govt Bond UCITS ETF	\$'000
Euroclear SA/NV	300,167
Total	300,167

The following tables list the ten largest issuers by value of non-cash collateral received by the Funds by way of title transfer collateral arrangement across securities lending transactions as at 30 June 2017

Issuer	Value	% of NAV
iShares EM Local Govt Bond UCITS ETF	\$'000	
Republic of Finland	55,880	0.87
Kingdom of Belgium	50,754	0.79
Kreditanstalt fuer Wiederaufbau	43,751	0.68
Kingdom of Norway	35,581	0.55
Republic of Austria	28,373	0.44
Kingdom of Denmark	22,823	0.36
Kingdom of the Netherlands	20,581	0.32
French Republic	14,319	0.22
United States Treasury	12,596	0.20
United Kingdom	11,886	0.18
Other issuers	9,302	0.15
Total	305,846	4.76

No securities collateral received from a single issuer, in relation to efficient portfolio management and OTC financial derivative instruments, has exceeded 20% of any of the respective Funds' NAV at the financial year end date.

None of the Funds have been fully collateralised in securities issued or guaranteed by an EU member state at the financial year end date.

Counterparties to securities lending transactions.

Counterparty name	Country of establishment
Abbey National Treasury Services Plc	United Kingdom
Barclays Bank Plc	United Kingdom
Barclays Capital Securities Ltd	United Kingdom
BNP Paribas Arbitrage SNC	France
BNP Paribas SA	France
Citigroup Global Markets Ltd	United Kingdom
Credit Suisse AG Dublin Branch	Ireland
Credit Suisse International	Switzerland
Credit Suisse Securities (Europe) Limited	United Kingdom
Deutsche Bank AG	Germany
Goldman Sachs International	United States
HSBC Bank Plc	United Kingdom

SUPPLEMENTARY INFORMATION (unaudited) (continued)**Counterparties to securities lending transactions. (continued)**

Counterparty name	Country of establishment
J.P. Morgan Securities Plc	United Kingdom
Macquarie Bank Limited	Australia
Merrill Lynch International	United Kingdom
Morgan Stanley & Co. International Plc	United Kingdom
Nomura International Plc	United Kingdom
Skandinaviska Enskilda Banken AB	Sweden
Societe Generale SA	France
The Bank of Nova Scotia	Canada
UBS AG	Switzerland

DISCLAIMERS (unaudited)

Regulatory Information

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For investors in the UK

Most of the protections provided by the UK regulatory system do not apply to the operation of the Companies, and compensation will not be available under the UK Financial Services Compensation Scheme on its default. The Companies are recognised schemes for the purposes of the Financial Services and Markets Act 2000. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus.

Restricted Investors

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BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. The data displayed provides summary information. Investment should be made on the basis of the relevant Prospectus which is available from the manager.

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