

# GET INSIDE ETFs

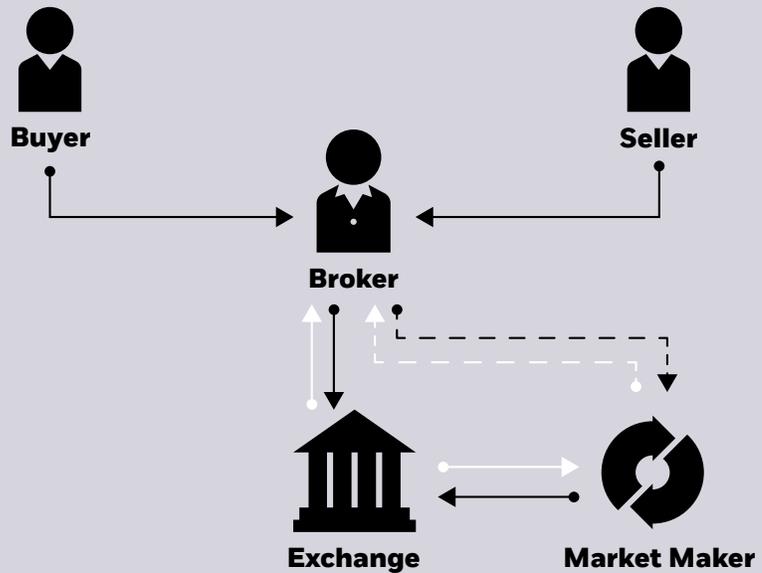
iShares<sup>®</sup>  
by BlackRock

## A quick guide to ETF creation and redemption

Exchange traded funds (ETFs) offer deep liquidity and are designed to trade at prices closely tied to the value of their underlying securities – through a process called creation and redemption.

### Secondary Market

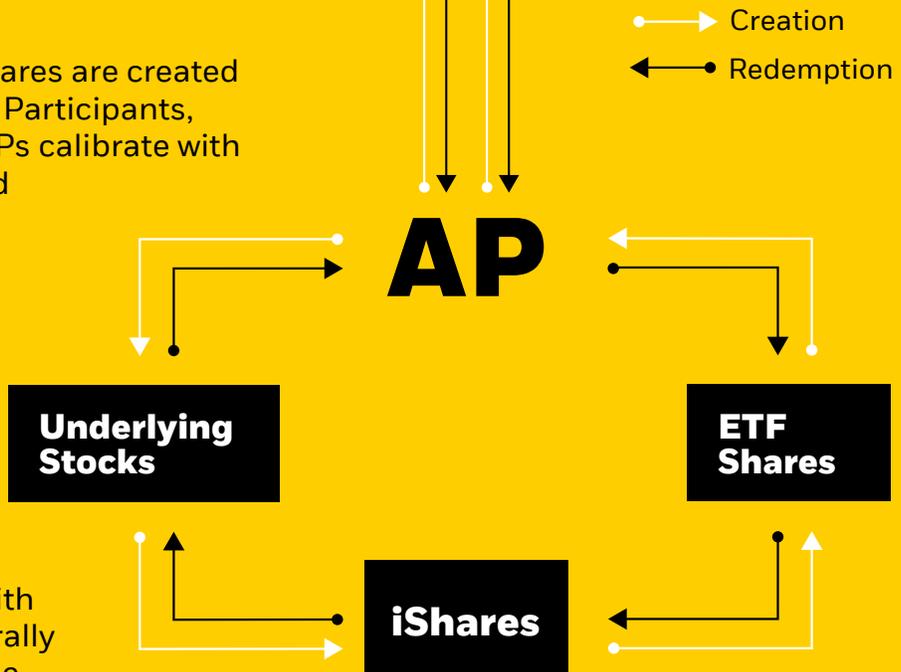
Existing ETF shares change hands between buyers and sellers, usually through a broker.



This happens on the exchanges, or secondary markets directly with market makers, and occurs without creating or redeeming any shares.

### Primary Market

When demand for ETFs shifts, shares are created or redeemed through Authorized Participants, or “APs,” in the primary market. APs calibrate with ETF providers, like iShares, to add more ETF shares when demand rises, or remove ETF shares from the market when demand sags.



Creation and redemption helps keep the supply of ETFs in line with the demand, and therefore generally keeps prices stable and tied to the value of their underlying assets.

**Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com). Read the prospectus carefully before investing.**

**Investing involves risk, including possible loss of principal.**

Shares of ETFs may be bought and sold throughout the day on the exchange through any brokerage account. Shares are not individually redeemable from an ETF, however, shares may be redeemed directly from an ETF by Authorized Participants, in very large creation/redemption units. There can be no assurance that an active trading market for shares of an ETF will develop or be maintained. Buying and selling shares of ETFs may result in brokerage commissions.

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