

# 2025 Semi-Annual Financial Statements and Additional Information (Unaudited)

**iShares Trust**

- iShares Select U.S. REIT ETF | ICF | Cboe BZX Exchange

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# Schedule of Investments (unaudited)

October 31, 2025

**iShares® Select U.S. REIT ETF**  
(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Common Stocks</b>		
<b>Health Care REITs — 13.0%</b>		
Ventas, Inc. ....	950,185	\$ 70,114,151
Welltower, Inc. ....	966,467	174,969,186
		245,083,337
<b>Hotel &amp; Resort REITs — 1.4%</b>		
Host Hotels & Resorts, Inc. ....	1,598,658	25,610,501
<b>Industrial REITs — 10.6%</b>		
EastGroup Properties, Inc. ....	139,708	24,383,237
Prologis, Inc. ....	1,422,532	176,521,996
		200,905,233
<b>Office REITs — 1.4%</b>		
BXP, Inc. ....	377,037	26,841,264
<b>Residential REITs — 16.9%</b>		
American Homes 4 Rent, Class A ....	787,430	24,882,788
AvalonBay Communities, Inc. ....	304,338	52,930,465
Equity LifeStyle Properties, Inc. ....	470,433	28,719,935
Equity Residential ....	750,954	44,636,706
Essex Property Trust, Inc. ....	147,282	37,081,189
Invitation Homes, Inc. ....	1,293,935	36,424,270
Mid-America Apartment Communities, Inc. ....	268,174	34,387,952
Sun Communities, Inc. ....	279,637	35,402,044
UDR, Inc. ....	739,781	24,923,222
		319,388,571
<b>Retail REITs — 14.0%</b>		
Federal Realty Investment Trust. ....	219,303	21,094,755
Kimco Realty Corp. ....	1,595,454	32,962,080
Realty Income Corp. ....	1,483,936	86,038,609
Regency Centers Corp. ....	402,047	27,721,141
Simon Property Group, Inc. ....	555,907	97,706,214
		265,522,799
<b>Specialized REITs — 42.6%</b>		
American Tower Corp. ....	703,620	125,933,908
Crown Castle, Inc. ....	785,425	70,861,044
Digital Realty Trust, Inc. ....	598,172	101,934,491
Equinix, Inc. ....	184,825	156,363,798
Extra Space Storage, Inc. ....	448,198	59,852,361
Iron Mountain, Inc. ....	627,373	64,588,050
Lamar Advertising Co., Class A ....	220,633	26,164,867
Public Storage. ....	321,915	89,672,642
SBA Communications Corp. ....	231,812	44,387,362
VICI Properties, Inc. ....	2,195,325	65,837,797
		805,596,320
<b>Total Long-Term Investments — 99.9%</b> (Cost: \$1,748,727,067) .....		1,888,948,025

Security	Shares	Value
<b>Short-Term Securities</b>		
<b>Money Market Funds — 0.1%</b>		
BlackRock Cash Funds: Treasury, SL Agency Shares, 4.05% <sup>(a)(b)</sup> .....	2,592,498	\$ 2,592,498
<b>Total Short-Term Securities — 0.1%</b> (Cost: \$2,592,498) .....		2,592,498
<b>Total Investments — 100.0%</b> (Cost: \$1,751,319,565) .....		
<b>Other Assets Less Liabilities — 0.0%</b> .....		54,559
<b>Net Assets — 100.0%</b> .....		\$ 1,891,595,082

<sup>(a)</sup> Affiliate of the Fund.

<sup>(b)</sup> Annualized 7-day yield as of period end.

October 31, 2025

**Affiliates**

Investments in issuers considered to be affiliate(s) of the Fund during the six months ended October 31, 2025 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

<i>Affiliated Issuer</i>	<i>Value at 04/30/25</i>	<i>Purchases at Cost</i>	<i>Proceeds from Sales</i>	<i>Net Realized Gain (Loss)</i>	<i>Change in Unrealized Appreciation (Depreciation)</i>	<i>Value at 10/31/25</i>	<i>Shares Held at 10/31/25</i>	<i>Income</i>	<i>Capital Gain Distributions from Underlying Funds</i>
BlackRock Cash Funds:									
Treasury, SL Agency Shares \$	3,329,894 \$	— \$	(737,396) <sup>(a)</sup> \$	— \$	— \$	2,592,498	2,592,498 \$	76,773 \$	—

<sup>(a)</sup> Represents net amount purchased (sold).

**Derivative Financial Instruments Outstanding as of Period End**

**Futures Contracts**

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Notional Amount (000)</i>	<i>Value/ Unrealized Appreciation (Depreciation)</i>
Long Contracts				
Dow Jones U.S. Real Estate Index	68	12/19/25	\$ 2,449	\$ (39,400)

**Derivative Financial Instruments Categorized by Risk Exposure**

As of period end, the fair values of derivative financial instruments located in the Statement of Assets and Liabilities were as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Liabilities — Derivative Financial Instruments</b>							
Futures contracts							
Unrealized depreciation on futures contracts <sup>(a)</sup>	\$ —	\$ —	\$ 39,400	\$ —	\$ —	\$ —	\$ 39,400

<sup>(a)</sup> Net cumulative unrealized appreciation (depreciation) on futures contracts, if any, are reported in the Schedule of Investments. In the Statement of Assets and Liabilities, only current day's variation margin is reported in receivables or payables and the net cumulative unrealized appreciation (depreciation) is included in accumulated earnings (loss).

For the period ended October 31, 2025, the effect of derivative financial instruments in the Statement of Operations was as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Net Realized Gain (Loss) from:</b>							
Futures contracts	\$ —	\$ —	\$ (60,001)	\$ —	\$ —	\$ —	\$ (60,001)
<b>Net Change in Unrealized Appreciation (Depreciation) on:</b>							
Futures contracts	\$ —	\$ —	\$ (136,859)	\$ —	\$ —	\$ —	\$ (136,859)

**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

Futures contracts	
Average notional value of contracts — long	\$ 2,997,990

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

# Schedule of Investments (unaudited) (continued)

iShares® Select U.S. REIT ETF

October 31, 2025

## Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of financial instruments at the measurement date. For a description of the input levels and information about the Fund's policy regarding valuation of financial instruments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's financial instruments categorized in the fair value hierarchy. The breakdown of the Fund's financial instruments into major categories is disclosed in the Schedule of Investments above.

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments				
Long-Term Investments				
Common Stocks . . . . .	\$ 1,888,948,025	\$ —	\$ —	\$ 1,888,948,025
Short-Term Securities				
Money Market Funds . . . . .	2,592,498	—	—	2,592,498
	<u>\$ 1,891,540,523</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,891,540,523</u>
Derivative Financial Instruments <sup>(a)</sup>				
Liabilities				
Equity contracts . . . . .	<u>\$ (39,400)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (39,400)</u>

<sup>(a)</sup> Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

See notes to financial statements.

# Statement of Assets and Liabilities

October 31, 2025

iShares Select  
U.S. REIT ETF

		iShares Select U.S. REIT ETF
<b>ASSETS</b>		
Investments, at value — unaffiliated <sup>(a)</sup> . . . . .	\$	1,888,948,025
Investments, at value — affiliated <sup>(b)</sup> . . . . .		2,592,498
Cash pledged:		
Futures contracts . . . . .		148,000
Receivables:		
Dividends — unaffiliated . . . . .		399,921
Dividends — affiliated . . . . .		13,596
Variation margin on futures contracts . . . . .		4,953
Other assets . . . . .		10,353
Total assets . . . . .		<u>1,892,117,346</u>
<b>LIABILITIES</b>		
Bank overdraft . . . . .		4,951
Payables:		
Investment advisory fees . . . . .		517,313
Total liabilities . . . . .		<u>522,264</u>
<b>Commitments and contingent liabilities</b>		
NET ASSETS . . . . .	\$	<u>1,891,595,082</u>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital . . . . .	\$	2,000,968,199
Accumulated loss . . . . .		(109,373,117)
NET ASSETS . . . . .	\$	<u>1,891,595,082</u>
<b>NET ASSET VALUE</b>		
Shares outstanding . . . . .		31,250,000
Net asset value . . . . .	\$	<u>60.53</u>
Shares authorized . . . . .		Unlimited
Par value . . . . .		None
<sup>(a)</sup> Investments, at cost — unaffiliated . . . . .	\$	1,748,727,067
<sup>(b)</sup> Investments, at cost — affiliated . . . . .	\$	2,592,498

See notes to financial statements.

# Statement of Operations

Six Months Ended October 31, 2025

iShares Select  
U.S. REIT ETF

## INVESTMENT INCOME

Dividends — unaffiliated	\$ 30,830,209
Dividends — affiliated	76,773
Interest — unaffiliated	140,923
Total investment income	<u>31,047,905</u>

## EXPENSES

Investment advisory	<u>3,092,402</u>
Total expenses	<u>3,092,402</u>
Net investment income	<u>27,955,503</u>

## REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:	
Investments — unaffiliated	\$ (36,706,581)
Futures contracts	(60,001)
In-kind redemptions — unaffiliated <sup>(a)</sup>	11,123,343
	<u>(25,643,239)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments — unaffiliated	4,217,137
Futures contracts	(136,859)
	<u>4,080,278</u>
Net realized and unrealized loss	<u>(21,562,961)</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 6,392,542</u>

<sup>(a)</sup> See Note 2 of the Notes to Financial Statements.

See notes to financial statements.

# Statements of Changes in Net Assets

	iShares Select U.S. REIT ETF	
	Six Months Ended 10/31/25 (unaudited)	Year Ended 04/30/25
<i>INCREASE (DECREASE) IN NET ASSETS</i>		
<b>OPERATIONS</b>		
Net investment income . . . . .	\$ 27,955,503	\$ 56,635,800
Net realized gain (loss) . . . . .	(25,643,239)	71,217,925
Net change in unrealized appreciation (depreciation) . . . . .	<u>4,080,278</u>	<u>213,522,804</u>
Net increase in net assets resulting from operations. . . . .	<u>6,392,542</u>	<u>341,376,529</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS<sup>(a)</sup></b>		
Decrease in net assets resulting from distributions to shareholders. . . . .	<u>(24,253,493)<sup>(b)</sup></u>	<u>(54,203,831)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Net decrease in net assets derived from capital share transactions. . . . .	<u>(36,639,934)</u>	<u>(269,448,941)</u>
<b>NET ASSETS</b>		
Total increase (decrease) in net assets . . . . .	(54,500,885)	17,723,757
Beginning of period . . . . .	<u>1,946,095,967</u>	<u>1,928,372,210</u>
End of period . . . . .	<u>\$ 1,891,595,082</u>	<u>\$ 1,946,095,967</u>

<sup>(a)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(b)</sup> A portion of the distributions from net investment income may be deemed a return of capital or net realized gain at fiscal year-end.

See notes to financial statements.

# Financial Highlights

(For a share outstanding throughout each period)

## iShares Select U.S. REIT ETF

	Six Months Ended 10/31/25 (unaudited)	Year Ended 04/30/25	Year Ended 04/30/24	Year Ended 04/30/23	Year Ended 04/30/22	Year Ended 04/30/21 <sup>(a)</sup>
<b>Net asset value, beginning of period</b> . . . . .	\$ 61.10	\$ 53.20	\$ 55.74	\$ 68.41	\$ 62.62	\$ 49.68
Net investment income <sup>(b)</sup> . . . . .	0.89	1.67	1.70	1.62	1.01	1.15
Net realized and unrealized gain (loss) <sup>(c)</sup> . . . . .	(0.69)	7.83	(2.63)	(12.80)	6.10	13.04
Net increase (decrease) from investment operations . . . . .	0.20	9.50	(0.93)	(11.18)	7.11	14.19
<b>Distributions from net investment income<sup>(d)</sup></b> . . . . .	<u>(0.77)<sup>(e)</sup></u>	<u>(1.60)</u>	<u>(1.61)</u>	<u>(1.49)</u>	<u>(1.32)</u>	<u>(1.25)</u>
<b>Net asset value, end of period</b> . . . . .	\$ 60.53	\$ 61.10	\$ 53.20	\$ 55.74	\$ 68.41	\$ 62.62
<b>Total Return<sup>(f)</sup></b>						
Based on net asset value . . . . .	0.32% <sup>(g)</sup>	17.84%	(1.70)%	(16.31)%	11.33%	29.11%
<b>Ratios to Average Net Assets<sup>(h)</sup></b>						
Total expenses . . . . .	0.32% <sup>(i)</sup>	0.32%	0.33%	0.33%	0.32%	0.33%
Net investment income . . . . .	2.88% <sup>(i)</sup>	2.74%	3.10%	2.77%	1.46%	2.15%
<b>Supplemental Data</b>						
Net assets, end of period (000) . . . . .	\$ 1,891,595	\$ 1,946,096	\$ 1,928,372	\$ 2,277,133	\$ 2,753,437	\$ 2,257,332
Portfolio turnover rate <sup>(j)</sup> . . . . .	10%	17%	16%	12%	11%	27%

<sup>(a)</sup> Per share amounts reflect a two-for-one stock split effective after the close of trading on December 4, 2020.

<sup>(b)</sup> Based on average shares outstanding.

<sup>(c)</sup> The amounts reported for a share outstanding may not accord with the change in aggregate gains and losses in securities for the fiscal period due to the timing of capital share transactions in relation to the fluctuating market values of the Fund's underlying securities.

<sup>(d)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(e)</sup> A portion of the distributions from net investment income may be deemed a return of capital or net realized gain at fiscal year-end.

<sup>(f)</sup> Where applicable, assumes the reinvestment of distributions.

<sup>(g)</sup> Not annualized.

<sup>(h)</sup> Excludes fees and expenses incurred indirectly as a result of investments in underlying funds.

<sup>(i)</sup> Annualized.

<sup>(j)</sup> Portfolio turnover rate excludes in-kind transactions, if any.

See notes to financial statements.

# Notes to Financial Statements (unaudited)

## 1. ORGANIZATION

iShares Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Trust is organized as a Delaware statutory trust and is authorized to have multiple series or portfolios.

These financial statements relate only to the following fund (the "Fund"):

	<i>Diversification Classification</i>
<i>iShares ETF</i>	
Select U.S. REIT . . . . .	Non-diversified

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

**Investment Transactions and Income Recognition:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are executed. Realized gains and losses on investment transactions are determined using the specific identification method. Dividend income and capital gain distributions, if any, are recorded on the ex-dividend date. Non-cash dividends, if any, are recorded on the ex-dividend date at fair value. Upon notification from issuers or as estimated by management, a portion of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized daily on an accrual basis.

**Cash:** The Fund may maintain cash at its custodian which, at times may exceed United States federally insured limits. The Fund may, at times, have outstanding cash disbursements that exceed deposited cash amounts at the custodian during the reporting period. The Fund is obligated to repay the custodian for any overdraft, including any related costs or expenses, where applicable. For financial reporting purposes, overdraft fees, if any, are included in interest expense in the Statement of Operations.

**Collateralization:** If required by an exchange or counterparty agreement, the Fund may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments.

**In-kind Redemptions:** For financial reporting purposes, in-kind redemptions are treated as sales of securities resulting in realized capital gains or losses to the Fund. Because such gains or losses are not taxable to the Fund and are not distributed to existing Fund shareholders, the gains or losses are reclassified from accumulated net realized gain (loss) to paid-in capital at the end of the Fund's tax year. These reclassifications have no effect on net assets or net asset value ("NAV") per share.

**Distributions:** Dividends and distributions paid by the Fund are recorded on the ex-dividend dates. Distributions are determined on a tax basis and may differ from net investment income and net realized capital gains for financial reporting purposes. Dividends and distributions are paid in U.S. dollars and cannot be automatically reinvested in additional shares of the Fund.

**Indemnifications:** In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification. The Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against the Fund, which cannot be predicted with any certainty.

**Segment Reporting:** The Chief Financial Officer acts as the Fund's Chief Operating Decision Maker ("CODM") and is responsible for assessing performance and allocating resources with respect to the Fund. The CODM has concluded that the Fund operates as a single operating segment since the Fund has a single investment strategy as disclosed in its prospectus, against which the CODM assesses performance. The financial information provided to and reviewed by the CODM is presented within the Fund's financial statements.

## 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

**Investment Valuation Policies:** The Fund's investments are valued at fair value (also referred to as "market value" within the financial statements) each day that the Fund's listing exchange is open and, for financial reporting purposes, as of the report date. U.S. GAAP defines fair value as the price a fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Board of Trustees of the Trust (the "Board") of the Fund has approved the designation of BlackRock Fund Advisors ("BFA"), the Fund's investment adviser, as the valuation designee for the Fund. The Fund determines the fair values of its financial instruments using various independent dealers or pricing services under BFA's policies. If a security's market price is not readily available or does not otherwise accurately represent the fair value of the security, the security will be valued in accordance with BFA's policies and procedures as reflecting fair value. BFA has formed a committee (the "Valuation Committee") to develop pricing policies and procedures and to oversee the pricing function for all financial instruments, with assistance from other BlackRock pricing committees.

**Fair Value Inputs and Methodologies:** The following methods and inputs are used to establish the fair value of the Fund's assets and liabilities:

- Equity investments traded on a recognized securities exchange are valued at that day's official closing price, as applicable, on the exchange where the stock is primarily traded. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last traded price.
- Investments in open-end U.S. mutual funds (including money market funds) are valued at that day's NAV.
- Futures contracts are valued based on that day's last reported settlement or trade price on the exchange where the contract is traded.

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

If events (e.g., market volatility, company announcement or a natural disaster) occur that are expected to materially affect the value of such investment, or in the event that application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Valuation Committee in accordance with BFA's policies and procedures as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Valuation Committee include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Valuation Committee seeks to determine the price that the Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Valuation Committee deems relevant and consistent with the principles of fair value measurement as of the measurement date.

Fair value pricing could result in a difference between the prices used to calculate a fund's NAV and the prices used by the fund's underlying index, which in turn could result in a difference between the fund's performance and the performance of the fund's underlying index.

**Fair Value Hierarchy:** Various inputs are used in determining the fair value of financial instruments at the measurement date. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

- Level 1 – Unadjusted price quotations in active markets/exchanges that the Fund has the ability to access for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs that are unobservable and significant to the entire fair value measurement for the asset or liability (including the Valuation Committee's assumptions used in determining the fair value of financial instruments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds that may not have a secondary market and/or may have a limited number of investors. The categorization of a value determined for financial instruments is based on the pricing transparency of the financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

### 4. DERIVATIVE FINANCIAL INSTRUMENTS

**Futures Contracts:** Futures contracts are purchased or sold to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk) and changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are exchange-traded agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures 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 a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Amounts pledged, which are considered restricted, are included in cash pledged for futures contracts in the Statement of Assets and Liabilities.

Securities deposited as initial margin are designated in the Schedule of Investments and cash deposited, if any, are shown as cash pledged for futures contracts in the Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract ("variation margin"). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statement of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statement of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest rates, foreign currency exchange rates or underlying assets.

### 5. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

**Investment Advisory Fees:** Pursuant to an Investment Advisory Agreement with the Trust, BFA manages the investment of the Fund's assets. BFA is a California corporation indirectly owned by BlackRock, Inc. ("BlackRock"). Under the Investment Advisory Agreement, BFA is responsible for substantially all expenses of the Fund, except (i) interest and taxes; (ii) brokerage commissions and other expenses connected with the execution of portfolio transactions; (iii) distribution fees; (iv) the advisory fee payable to BFA; and (v) litigation expenses and any extraordinary expenses (in each case as determined by a majority of the independent trustees).

For its investment advisory services to the Fund, BFA is entitled to an annual investment advisory fee, accrued daily and paid monthly by the Fund, based on the Fund's allocable portion of the aggregate of the average daily net assets of the Fund and certain other iShares funds, as follows:

<i>Aggregate Average Daily Net Assets</i>	<i>Investment Advisory Fees</i>
First \$121 billion	0.350000%
Over \$121 billion, up to and including \$181 billion	0.332500
Over \$181 billion, up to and including \$231 billion	0.315875
Over \$231 billion, up to and including \$281 billion	0.300081
Over \$281 billion	0.285077

**Distributor:** BlackRock Investments, LLC ("BRIL"), an affiliate of BFA, is the distributor for the Fund. Pursuant to the distribution agreement, BFA is responsible for any fees or expenses for distribution services provided to the Fund.

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

**ETF Servicing Fees:** The Fund has entered into an ETF Services Agreement with BRIL to perform certain order processing, Authorized Participant communications, and related services in connection with the issuance and redemption of Creation Units (“ETF Services”). BRIL is entitled to a transaction fee from Authorized Participants on each creation or redemption order for the ETF Services provided. The Fund does not pay BRIL for ETF Services.

**Trustees and Officers:** Certain trustees and/or officers of the Trust are directors and/or officers of BlackRock or its affiliates.

**Other Transactions:** Cross trading is the buying or selling of portfolio securities between funds to which BFA (or an affiliate) serves as investment adviser. At its regularly scheduled quarterly meetings, the Board reviews such transactions as of the most recent calendar quarter for compliance with the requirements and restrictions set forth by Rule 17a-7.

For the six months ended October 31, 2025, transactions executed by the Fund pursuant to Rule 17a-7 under the 1940 Act were as follows:

<i>iShares ETF</i>	<i>Purchases</i>	<i>Sales</i>	<i>Net Realized Gain (Loss)</i>
Select U.S. REIT	\$ 8,591,305	\$ 8,476,820	\$ (911,200)

The Fund may invest its positive cash balances in certain money market funds managed by BFA or an affiliate. The income earned on these temporary cash investments is shown as dividends – affiliated in the Statement of Operations.

A fund, in order to improve its portfolio liquidity and its ability to track its underlying index, may invest in shares of other iShares funds that invest in securities in the fund's underlying index.

### 6. PURCHASES AND SALES

For the six months ended October 31, 2025, purchases and sales of investments, excluding short-term securities and in-kind transactions, were as follows:

<i>iShares ETF</i>	<i>Purchases</i>	<i>Sales</i>
Select U.S. REIT	\$ 211,398,970	\$ 201,548,868

For the six months ended October 31, 2025, in-kind transactions were as follows:

<i>iShares ETF</i>	<i>In-kind Purchases</i>	<i>In-kind Sales</i>
Select U.S. REIT	\$ 9,210,265	\$ 45,742,880

### 7. INCOME TAX INFORMATION

The Fund is treated as an entity separate from the Trust's other funds for federal income tax purposes. It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

Management has analyzed tax laws and regulations and their application to the Fund as of October 31, 2025, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Fund's financial statements. Management's analysis is based on the tax laws and judicial and administrative interpretations thereof in effect as of the date of these financial statements, all of which are subject to change, possibly with retroactive effect, which may impact the Fund's NAV.

As of April 30, 2025, the Fund had non-expiring capital loss carryforwards of \$226,614,810 available to offset future realized capital gains.

As of October 31, 2025, gross unrealized appreciation and depreciation based on cost of investments (including short positions and derivatives, if any) for U.S. federal income tax purposes were as follows:

<i>iShares ETF</i>	<i>Tax Cost</i>	<i>Gross Unrealized Appreciation</i>	<i>Gross Unrealized Depreciation</i>	<i>Net Unrealized Appreciation (Depreciation)</i>
Select U.S. REIT	\$ 1,763,203,410	\$ 264,218,003	\$ (135,920,290)	\$ 128,297,713

### 8. PRINCIPAL RISKS

In the normal course of business, the Fund invests in securities or other instruments and may enter into certain transactions, and such activities subject the Fund to various risks, including, among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation, tariffs or international tax treaties between various countries; or (iv) currency, interest rate or price fluctuations. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Fund and its investments. The Fund's prospectus provides details of the risks to which the Fund is subject.

BFA uses an indexing approach to try to achieve the Fund's investment objective. The Fund is not actively managed, and BFA generally does not attempt to take defensive positions under any market conditions, including declining markets.

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

The Fund may be exposed to additional risks when reinvesting cash collateral in money market funds that do not seek to maintain a stable NAV per share of \$1.00, which may be subject to mandatory and discretionary liquidity fees under certain circumstances.

**Valuation Risk:** The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. The Fund may invest in illiquid investments. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. The Fund may experience difficulty in selling illiquid investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause the Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests. The Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third-party service providers.

**Counterparty Credit Risk:** The Fund may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions, including making timely interest and/or principal payments or otherwise honoring its obligations. The Fund manages counterparty credit risk by entering into transactions only with counterparties that BFA believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Fund to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund's exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statement of Assets and Liabilities, less any collateral held by the Fund.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With exchange-traded futures, there is less counterparty credit risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, a Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund.

**Geographic/Asset Class Risk:** A diversified portfolio, where this is appropriate and consistent with a fund's objectives, minimizes the risk that a price change of a particular investment will have a material impact on the NAV of a fund. The investment concentrations within the Fund's portfolio are disclosed in its Schedule of Investments.

The Fund invests a significant portion of its assets in securities of issuers located in the United States. A decrease in imports or exports, changes in trade regulations, inflation and/or an economic recession in the United States may have a material adverse effect on the U.S. economy and the securities listed on U.S. exchanges. Proposed and adopted policy and legislative changes in the United States may also have a significant effect on U.S. markets generally, as well as on the value of certain securities. Governmental agencies project that the United States will continue to maintain elevated public debt levels for the foreseeable future which may constrain future economic growth. Circumstances could arise that could prevent the timely payment of interest or principal on U.S. government debt, such as reaching the legislative "debt ceiling." Such non-payment would result in substantial negative consequences for the U.S. economy and the global financial system. If U.S. relations with certain countries deteriorate, it could adversely affect issuers that rely on the United States for trade. The United States has also experienced increased internal unrest and discord. If these trends were to continue, they may have an adverse impact on the U.S. economy and the issuers in which the Fund invests.

The Fund invests a significant portion of its assets in securities within a single or limited number of market sectors. When a fund concentrates its investments in this manner, it assumes the risk that economic, regulatory, political and social conditions affecting such sectors may have a significant impact on the Fund and could affect the income from, or the value or liquidity of, the Fund's portfolio. Investment percentages in specific sectors are presented in the Schedule of Investments.

**Significant Shareholder Redemption Risk:** Certain shareholders may own or manage a substantial amount of fund shares and/or hold their fund investments for a limited period of time. Large redemptions of fund shares by these shareholders may force a fund to sell portfolio securities, which may negatively impact the fund's NAV, increase the fund's brokerage costs, and/or accelerate the realization of taxable income/gains and cause the fund to make additional taxable distributions to shareholders.

## 9. CAPITAL SHARE TRANSACTIONS

Capital shares are issued and redeemed by the Fund only in aggregations of a specified number of shares or multiples thereof ("Creation Units") at NAV. Except when aggregated in Creation Units, shares of the Fund are not redeemable.

Transactions in capital shares were as follows:

	Six Months Ended 10/31/25		Year Ended 04/30/25	
	Shares	Amount	Shares	Amount
<i>iShares ETF</i>				
Select U.S. REIT				
Shares sold . . . . .	150,000	\$ 9,243,268	1,050,000	\$ 65,379,455
Shares redeemed . . . . .	(750,000)	(45,883,202)	(5,450,000)	(334,828,396)
	<u>(600,000)</u>	<u>\$ (36,639,934)</u>	<u>(4,400,000)</u>	<u>\$ (269,448,941)</u>

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

The consideration for the purchase of Creation Units of a fund in the Trust generally consists of the in-kind deposit of a designated portfolio of securities and a specified amount of cash. Certain funds in the Trust may be offered in Creation Units solely or partially for cash in U.S. dollars. Authorized Participants purchasing and redeeming Creation Units may pay a purchase transaction fee and a redemption transaction fee directly to BRIL, to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units, including Creation Units for cash. Authorized Participants transacting in Creation Units for cash may also pay an additional variable charge to compensate the relevant fund for certain transaction costs (i.e., stamp taxes, taxes on currency or other financial transactions, and brokerage costs) and market impact expenses relating to investing in portfolio securities. Such variable charges, if any, are included in shares sold in the table above.

To the extent applicable, to facilitate the timely settlement of orders for the Fund using a clearing facility outside of the continuous net settlement process, the Fund, at its sole discretion, may permit an Authorized Participant to post cash as collateral in anticipation of the delivery of all or a portion of the applicable Deposit Securities or Fund Securities, as further described in the applicable Authorized Participant Agreement. The collateral process is subject to a Control Agreement among the Authorized Participant, the Fund's custodian, and the Fund. In the event that the Authorized Participant fails to deliver all or a portion of the applicable Deposit Securities or Fund Securities, the Fund may exercise control over such collateral pursuant to the terms of the Control Agreement in order to purchase the applicable Deposit Securities or Fund Securities.

From time to time, settlement of securities related to in-kind contributions or in-kind redemptions may be delayed. In such cases, securities related to in-kind transactions are reflected as a receivable or a payable in the Statement of Assets and Liabilities.

### **10. SUBSEQUENT EVENTS**

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were available to be issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statements.

## Additional Information

### Electronic Delivery

Shareholders can sign up for e-mail notifications announcing that the shareholder report or prospectus has been posted on the iShares website at [iShares.com](http://iShares.com). Once you have enrolled, you will no longer receive prospectuses and shareholder reports in the mail.

To enroll in electronic delivery:

- Go to [icsdelivery.com](http://icsdelivery.com).
- If your brokerage firm is not listed, electronic delivery may not be available. Please contact your broker-dealer or financial advisor.

### Changes in and Disagreements with Accountants

Not applicable.

### Proxy Results

Not applicable.

### Remuneration Paid to Trustees, Officers, and Others

Because BFA has agreed in the Investment Advisory Agreements to cover all operating expenses of the Funds, subject to certain exclusions as provided for therein, BFA pays the compensation to each Independent Trustee for services to the Funds from BFA's investment advisory fees.

### Availability of Portfolio Holdings Information

A description of the Trust's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the Fund Prospectus. The Fund discloses its portfolio holdings daily and provides information regarding its top holdings in Fund fact sheets, when available, at [iShares.com](http://iShares.com).

# Board Review and Approval of Investment Advisory Contract

## iShares Select U.S. REIT ETF (the “Fund”)

Under Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), the Trust’s Board of Trustees (the “Board”), including a majority of Board Members who are not “interested persons” of the Trust (as that term is defined in the 1940 Act) (the “Independent Board Members”), is required annually to consider the approval of the Investment Advisory Agreement between the Trust and BFA (the “Advisory Agreement”) on behalf of the Fund. The Board’s consideration entails a year-long process whereby the Board and its committees (composed solely of Independent Board Members) assess BlackRock’s services to the Fund, including investment management; fund accounting; administrative and shareholder services; oversight of the Fund’s service providers; risk management and oversight; and legal and compliance services; including the ability to meet applicable legal and regulatory requirements. The Independent Board Members requested, and BFA provided, such information as the Independent Board Members, with advice from independent counsel, deemed reasonably necessary to evaluate the Advisory Agreement. At meetings held on May 9, 2025 and May 23, 2025, a committee composed of all of the Independent Board Members (the “15(c) Committee”), with independent counsel, met with management and reviewed and discussed information provided in response to initial requests of the 15(c) Committee and/or its independent counsel. Prior to and in preparation for the meetings, the Board received and reviewed materials specifically relating to matters relevant to the renewal of the Advisory Agreement. Following discussion, the 15(c) Committee subsequently requested certain additional information, which management agreed to provide. At a meeting held on June 10-11, 2025, the Board, including the Independent Board Members, reviewed the additional information provided by management in response to these requests.

After extensive discussions and deliberations, the Board, including all of the Independent Board Members, approved the continuance of the Advisory Agreement for the Fund, based on a review of qualitative and quantitative information provided by BFA and their cumulative experience as Board Members. The Board noted its satisfaction with the extent and quality of information provided and its frequent interactions with management, as well as the detailed responses and other information provided by BFA. The Independent Board Members were advised by their independent counsel throughout the process, including about the legal standards applicable to their review. In approving the continuance of the Advisory Agreement for the Fund, the Board, including the Independent Board Members, considered various factors, including: (i) the expenses and performance of the Fund; (ii) the nature, extent and quality of the services provided by BFA; (iii) the costs of services provided to the Fund and profits realized by BFA and its affiliates; (iv) potential economies of scale and the sharing of related benefits; (v) the fees and services provided for other comparable funds/accounts managed by BFA and its affiliates if any; and (vi) other benefits to BFA and/or its affiliates.

The Board Members did not identify any particular information or any single factor as determinative, and each Board Member may have attributed different weights to the various matters and factors considered. The material factors, considerations and conclusions that formed the basis for the Board, including the Independent Board Members, to approve the continuance of the Advisory Agreement are discussed below.

**Expenses and Performance of the Fund:** The Board reviewed statistical information prepared by Broadridge Financial Solutions, Inc. (“Broadridge”), an independent provider of investment company data, regarding the expense ratio components, including gross and net total expenses, fees and expenses of other fund(s) in which the Fund invests (if applicable), and waivers/reimbursements (if applicable) of the Fund in comparison with the same information for other ETFs, objectively selected by Broadridge as comprising the Fund’s applicable expense peer group pursuant to Broadridge’s proprietary ETF methodology (the “Peer Group”). The Board was provided with a detailed description of the proprietary ETF methodology used by Broadridge to determine the Fund’s Peer Group. The Board noted that, due to the limitations in providing comparable funds in the Peer Group, the statistical information provided in Broadridge’s report may or may not provide meaningful direct comparisons to the Fund in all instances. The Board also noted that the investment advisory fee rate and overall expenses (net of any waivers and reimbursements) for the Fund were lower than the median of the investment advisory fee rates and overall expenses (net of any waivers and reimbursements) of the funds in its Peer Group, excluding iShares funds. In addition, to the extent that any of the comparison funds included in the Peer Group, excluding iShares funds, track the same index as the Fund, Broadridge also provided, and the Board reviewed, a comparison of the Fund’s performance for the one-year, three-year, five-year, ten-year, and since inception periods, as applicable, and for the quarter ended December 31, 2024, to that of such relevant comparison fund(s) for the same periods. The Board noted that the Fund seeks to track its specified underlying index and that, during the year, the Board received periodic reports on the Fund’s short- and longer-term performance in comparison with its underlying index. Such periodic comparative performance information, including additional detailed information as requested by the Board, was also considered. The Board noted that the Fund generally performed in line with its underlying index over the relevant periods. The Board also noted the revised investment advisory fee rate for the Fund adopted by the Board at a meeting held on December 9-11, 2024 to reflect calculation of the rate to the sixth decimal place on the same or lower basis than the prior fee rate.

Based on this review, the other relevant factors and information considered at the meeting, and their general knowledge of ETF pricing, the Board concluded that the investment advisory fee rate and expense level and the historical performance of the Fund supported the Board’s approval of the continuance of the Advisory Agreement for the coming year.

**Nature, Extent and Quality of Services Provided:** Based on management’s representations, including information about ongoing enhancements and initiatives with respect to the iShares product line and BFA’s business, including with respect to capital markets support and analysis, technology, portfolio management, product design and quality, compliance and risk management, global public policy and other services, the Board expected that there would be no diminution in the scope of services required of or provided by BFA under the Advisory Agreement for the coming year as compared with the scope of services provided by BFA during prior years. In reviewing the scope of these services, the Board considered BFA’s investment philosophy and experience, noting that BFA and its affiliates have committed significant resources over time, including during the past year, to support the iShares funds and their shareholders and have made significant investments into the iShares business. The Board also considered BFA’s compliance program and its compliance record with respect to the Fund, including related programs implemented pursuant to regulatory requirements. In that regard, the Board noted that BFA reports to the Board about portfolio management and compliance matters on a periodic basis in connection with regularly scheduled meetings of the Board, and on other occasions as necessary and appropriate, and has provided information and made relevant officers and other employees of BFA (and its affiliates) available as needed to provide further assistance with these matters. The Board also reviewed the background and experience of the persons responsible for the day-to-day management of the Fund, as well as the resources available to them in managing the Fund. In addition to the above considerations, the Board reviewed and considered detailed presentations regarding the investment performance of iShares funds, investment and risk management processes and strategies provided at the May 9, 2025 meeting and throughout the year, and matters related to BFA’s portfolio compliance program and other compliance programs and services, as well as BlackRock’s continued investments in its ETF business.

Based on review of this information, and the performance information discussed above, the Board concluded that the nature, extent and quality of services provided to the Fund under the Advisory Agreement supported the Board’s approval of the continuance of the Advisory Agreement for the coming year.

## Board Review and Approval of Investment Advisory Contract (continued)

**Costs of Services Provided to the Fund and Profits Realized by BFA and its Affiliates:** The Board reviewed information about the estimated profitability to BlackRock in managing the Fund, based on the fees payable to BFA and its affiliates (including fees under the Advisory Agreement), and other sources of revenue and expense to BFA and its affiliates from the Fund's operations for the last calendar year. The Board reviewed BlackRock's methodology for calculating estimated profitability of the iShares funds, noting that the 15(c) Committee and the Board had focused on the methodology and profitability presentation. The Board recognized that profitability may be affected by numerous factors, including, among other things, fee waivers by BFA, the types of funds managed, expense allocations and business mix. The Board thus recognized that calculating and comparing profitability at individual fund levels is challenging. The Board discussed with management the sources of direct and ancillary revenue, including the revenues to BTC, a BlackRock affiliate, from securities lending by the Fund. The Board also discussed BFA's estimated profit margin as reflected in the Fund's profitability analysis and reviewed information regarding potential economies of scale (as discussed below).

Based on this review, the Board concluded that the information considered with respect to the profits realized by BFA and its affiliates under the Advisory Agreement and from other relationships between the Fund and BFA and/or its affiliates, if any, and related costs of the services provided as well as the other factors considered at the meeting, supported the Board's approval of the continuance of the Advisory Agreement for the coming year.

**Economies of Scale:** The Board reviewed information and considered the extent to which economies of scale might be realized as the assets of the Fund increase, noting that the issue of potential economies of scale had been focused on by the 15(c) Committee and the Board during their meetings and addressed by management. The 15(c) Committee and the Board received information regarding BlackRock's historical estimated profitability (as discussed above), including BFA's and its affiliates' estimated costs in providing services. The estimated cost information distinguished, among other things, between fixed and variable costs, and showed how the level and nature of fixed and variable costs may impact the existence or size of scale benefits, with the Board recognizing that potential economies of scale are difficult to measure. The 15(c) Committee and the Board reviewed information provided by BFA regarding the sharing of scale benefits with the iShares funds through various means, including, as applicable, through breakpoints, waivers, or other fee reductions, as well as through additional investment in the iShares business, including enhancements to or the provision of additional infrastructure and services to the iShares funds and their shareholders and, with respect to New Funds, set management fees at levels that anticipate scale over time. The Board noted that the Advisory Agreement for the Fund already provided for breakpoints in the Fund's investment advisory fee rate as the assets of the Fund, on an aggregated basis with the assets of certain other iShares funds, increase. The Board reviewed all of the breakpoint arrangements and noted that it would continue to assess the appropriateness of adding new or revised breakpoints in the future.

The Board concluded that this review of potential economies of scale and the sharing of related benefits, as well as the other factors considered at the meeting, supported the Board's approval of the continuance of the Advisory Agreement for the coming year.

**Fees and Services Provided for Other Comparable Funds/Accounts Managed by BFA and its Affiliates:** The Board received and considered information regarding the investment advisory/management fee rates for other funds/accounts in the U.S. for which BFA (or its affiliates) provides investment advisory/management services, including open-end funds registered under the 1940 Act (including sub-advised funds), collective trust funds and institutional separate accounts (collectively, the "Other Accounts").

The Board received detailed information regarding how the Other Accounts generally differ from the Fund, including in terms of the types of services and generally more extensive character and scope of services provided to the Fund, as well as other significant differences. In that regard, the Board considered that the pricing of services to institutional clients is typically based on a number of factors beyond the nature and extent of the specific services to be provided and often depends on the overall relationship between the client and its affiliates and the adviser and its affiliates. In addition, the Board considered the relative complexity and inherent risks and challenges of managing and providing other services to the Fund, as a publicly traded investment vehicle, as compared to the Other Accounts, particularly those that are institutional clients, in light of differing regulatory requirements and client-imposed mandates. The Board acknowledged BFA's representation that the iShares funds are fundamentally different investment vehicles from the Other Accounts in its consideration of relevant qualitative and quantitative comparative information provided. The Board noted that BFA and its affiliates do not manage Other Accounts with substantially the same investment objective and strategy as the Fund and that track the same index as the Fund.

The Board also acknowledged management's assertion that, for certain iShares funds, and for client segmentation purposes, BlackRock has launched an iShares fund that may provide a similar investment exposure at a lower investment advisory fee rate.

The Board considered the "all-inclusive" nature of the Fund's advisory fee structure, and the Fund's expenses borne by BFA under this arrangement and noted that the investment advisory fee rate under the Advisory Agreement for the Fund was generally higher than the investment advisory/management fee rates for certain of the Other Accounts (particularly institutional clients) and concluded that the differences appeared to be consistent with the factors discussed.

**Other Benefits to BFA and/or its Affiliates:** The Board reviewed other benefits or ancillary revenue received by BFA and/or its affiliates in connection with the services provided to the Fund by BFA, both direct and indirect, including, but not limited to, payment of revenue to BTC, the Fund's securities lending agent, for loaning portfolio securities, as applicable (which was included in the profit margins reviewed by the Board pursuant to BFA's estimated profitability methodology), payment of advisory fees or other fees to BFA (or its affiliates) in connection with any investments by the Fund in other funds (including cash sweep vehicles) for which BFA (or its affiliates) provides investment advisory services or other services. The Board further considered other direct benefits that might accrue to BFA, including actual and potential reductions in the Fund's expenses that are borne by BFA under the "all-inclusive" management fee arrangement, due in part to the size and scope of BFA's investment operations servicing the Fund (and other funds in the iShares complex) as well as in response to a changing market environment. The Board also reviewed and considered information provided by BFA concerning authorized participant primary market order processing services that are provided by BlackRock Investments, LLC ("BRIL"), an affiliate of BFA, and paid for by authorized participants under the ETF Servicing Platform. The Board also noted the revenue received by BFA and/or its affiliates pursuant to an agreement that permits a service provider to use certain portions of BlackRock's technology platform to service accounts managed by BFA and/or its affiliates, including the iShares funds. The Board noted that BFA generally does not use soft dollars or consider the value of research or other services that may be provided to BFA (including its affiliates) in selecting brokers for portfolio transactions for the Fund. The Board also considered other indirect and intangible benefits to BlackRock as a result of its advisory relationships with the Fund, including without limitation, BlackRock's potential benefits to its profile and standing in the investment community as a result of providing investment advisory services to the iShares funds.

The Board concluded that any such ancillary benefits would not be disadvantageous to the Fund and thus would not alter the Board's conclusion with respect to the appropriateness of approving the continuance of the Advisory Agreement for the coming year.

## Board Review and Approval of Investment Advisory Contract (continued)

**Conclusion:** Based on a review of the factors described above, as well as such other factors as deemed appropriate by the Board, the Board, including all of the Independent Board Members, determined that the Fund's investment advisory fee rate under the Advisory Agreement does not constitute a fee that is so disproportionately large as to bear no reasonable relationship to the services rendered and that could not have been the product of arm's-length bargaining, and concluded to approve the continuance of the Advisory Agreement for the coming year.

# Glossary of Terms Used in these Financial Statements

## Portfolio Abbreviation

REIT                      Real Estate Investment Trust

## Want to know more?

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**This report is intended for the Fund's shareholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current prospectus.**

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

The iShares Funds are distributed by BlackRock Investments, LLC (together with its affiliates, "BlackRock").

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by S&P Dow Jones Indices LLC or Cohen & Steers Capital Management, Inc., nor do these companies make any representation regarding the advisability of investing in the iShares Funds. BlackRock is not affiliated with the companies listed above.

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