

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Initial Public Offering and Continuous Offering

September 16, 2024



For the following non-index-tracking exchange-traded funds (each, an “iShares Fund” and together, the “iShares Funds”), this prospectus qualifies the distribution of Canadian dollar denominated units (“CAD Units”) and, as indicated below, U.S. dollar denominated units (“USD Units”).

iShares Flexible Monthly Income ETF (“XFLI”)¹
iShares Flexible Monthly Income ETF (CAD-Hedged) (“XFLX”)

Collectively, CAD Units and USD Units are referred to as “Units”.

Capitalized terms used but not otherwise defined have the meanings ascribed herein.

The iShares Funds are established as trusts under the laws of the Province of Ontario. Unitholders of the iShares Funds are not shareholders of a corporation.

Each iShares Fund is an “alternative mutual fund” as defined in National Instrument 81-102 *Investment Funds* (“NI 81-102”).

BlackRock Asset Management Canada Limited (“**BlackRock Canada**”) is the trustee, manager and portfolio adviser of the iShares Funds and is responsible for the day-to-day administration of the iShares Funds. See “**Organization and Management Details of the iShares Funds – Trustee, Manager and Portfolio Adviser of the iShares Funds**”.

Investment Objectives

The investment objective of each iShares Fund is described in the applicable ETF profile under the heading “**ETF Profiles**”.

The iShares Funds are “alternative mutual funds” for securities law purposes. Accordingly, the iShares Funds have the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer and the ability to employ leverage through cash borrowings, short sales and/or derivatives beyond the limits prescribed for conventional mutual funds. See “**Investment Strategies**”. While these strategies will only be used in accordance with an iShares Fund’s investment objectives and strategies, during certain market conditions they may accelerate the risk that an investment in Units of the iShares Fund decreases in value.

Leverage may be created through the use of cash borrowings, short sales and/or derivatives. An alternative mutual fund’s aggregate exposure to those sources of leverage may be up to 300% of its NAV; however, the iShares Funds have applied for exemptive relief from the Canadian securities regulatory authorities in order to permit the iShares Funds aggregate exposure to those sources of leverage to exceed 300% of its NAV, provided certain conditions are met. See “**Exemptions and Approvals**” and “**Investment Strategies – Use of Leverage**”.

¹ This iShares Fund also offers USD Units. For the ticker symbol for the USD Units of the iShares Fund, see “**Overview of the Legal Structure of the iShares Funds**”.

Listing of Units

Each Unit of an iShares Fund represents an equal, undivided interest in the net assets of the iShares Fund attributable to that class of Units.

The Toronto Stock Exchange (the “**TSX**” or the “**Exchange**”) has conditionally approved the listing of Units of the iShares Funds subject to fulfillment by the iShares Funds of all of the requirements of the TSX, including distribution of a minimum number of Units of the iShares Funds, by August 28, 2025. Once the Units are listed on the TSX, Units of the iShares Funds will be offered on a continuous basis. Investors will be able to buy or sell Units of an iShares Fund on the TSX through a registered broker or dealer in the province or territory where the investor resides.

Investors will incur customary brokerage commissions when buying or selling Units on the Exchange. No fees are paid by a Unitholder to BlackRock Canada or the iShares Funds in connection with the buying or selling of Units on the Exchange.

Purchase, Redemption and Exchange

Dealers may purchase and redeem Units directly from the iShares Funds. Unitholders of the iShares Funds may dispose of their Units in two ways: (i) by selling their Units on the Exchange at the full market price less customary brokerage commissions and expenses, or (ii) by redeeming Units for cash at a redemption price of 95% of the closing price for the applicable Units on the Exchange on the effective Trading Day for the redemption. However, a cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the applicable NAV per Unit. Unitholders are advised to consult their brokers or investment advisors before redeeming Units for cash. Each iShares Fund also offers additional redemption or exchange options which are available where a Unitholder redeems or exchanges a Prescribed Number of Units. See “**Purchase of Units**” and “**Exchange and Redemption of Units**”.

Additional Considerations

No Dealer has been involved in the preparation of the prospectus or has performed any review of the contents of the prospectus.

For a discussion of the risks associated with an investment in Units of the iShares Funds, see “Risk Factors” and for the risk factor disclosure applicable to a particular iShares Fund, see the applicable ETF profile under the heading “ETF Profiles”.

The registration and transfer of Units are effected through the book-entry only system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). Investors in the iShares Funds do not have the right to receive physical certificates evidencing their ownership of Units.

Trademarks

“**iShares®**” is a registered trademark of BlackRock, Inc. or its subsidiaries in the U.S. or elsewhere. Used with permission.

Documents Incorporated by Reference

During the period in which an iShares Fund is in continuous distribution, additional information will be available in the most recently filed ETF Facts for each of the iShares Funds, the most recently filed comparative annual financial statements, any interim financial statements filed after its most recent comparative annual financial statements, the most recent annual management report of fund performance (“**MRFP**”), and any interim MRFP filed after that annual MRFP. These documents are or will be incorporated by reference into, and legally form an integral part of, this prospectus. These documents are or will be publicly available on the iShares Funds’ designated website at www.blackrock.com/ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a

registered dealer. These documents and other information about the iShares Funds are or will be publicly available at www.sedarplus.com. See “**Documents Incorporated by Reference**”.

TABLE OF CONTENTS

<p>IMPORTANT TERMS 1</p> <p>PROSPECTUS SUMMARY 6</p> <p>SUMMARY OF FEES AND EXPENSES 11</p> <p>OVERVIEW OF THE LEGAL STRUCTURE OF THE iSHARES FUNDS 13</p> <p>INVESTMENT OBJECTIVES 14</p> <p>INVESTMENT STRATEGIES 14</p> <p style="padding-left: 20px;">Investment Strategies Employed by iShares Non-Index Funds 14</p> <p style="padding-left: 20px;">Investment Strategies that May be Employed by iShares Funds 14</p> <p>OVERVIEW OF WHAT THE iSHARES FUNDS INVEST IN 18</p> <p>INVESTMENT RESTRICTIONS 18</p> <p>FEES AND EXPENSES 19</p> <p style="padding-left: 20px;">Fees and Expenses Payable by the iShares Funds 19</p> <p style="padding-left: 20px;">Fees and Expenses Payable Directly by You 20</p> <p>RISK FACTORS 20</p> <p style="padding-left: 20px;">General Risks Relating to an Investment in the iShares Funds 21</p> <p style="padding-left: 20px;">Risks Relating to an Investment in Specific iShares Funds 44</p> <p>INVESTMENT RISK CLASSIFICATION METHODOLOGY 45</p> <p>DISTRIBUTION POLICY 46</p> <p style="padding-left: 20px;">Capital Gains 46</p> <p style="padding-left: 20px;">Return of Capital 46</p> <p style="padding-left: 20px;">Reinvested Distributions 46</p> <p>OPTIONAL PLAN 47</p> <p style="padding-left: 20px;">Distribution Reinvestment Plan 47</p> <p style="padding-left: 20px;">Fractional Units under the Plan 47</p> <p style="padding-left: 20px;">Amendments, Suspensions or Termination of the Plan 47</p> <p style="padding-left: 20px;">Other Provisions of the Plan 47</p> <p>PURCHASE OF UNITS 48</p> <p style="padding-left: 20px;">Initial Investment in the iShares Funds 48</p> <p style="padding-left: 20px;">Continuous Distribution 48</p> <p style="padding-left: 20px;">Designated Broker Agreements 48</p> <p style="padding-left: 20px;">Issuance of Units 48</p> <p style="padding-left: 20px;">Buying and Selling Units 49</p>	<p style="padding-left: 20px;">Registration and Transfer through CDS 49</p> <p style="padding-left: 20px;">Non-Resident Unitholders 50</p> <p style="padding-left: 20px;">Special Considerations for Unitholders 51</p> <p>EXCHANGE AND REDEMPTION OF UNITS.51</p> <p style="padding-left: 20px;">Exchange of Units at NAV per Unit for Baskets and/or Cash 51</p> <p style="padding-left: 20px;">Redemption of Units for Cash 52</p> <p style="padding-left: 20px;">Suspension of Exchanges and Redemptions 52</p> <p style="padding-left: 20px;">Administrative Fee to Offset Certain Costs of Transactions with Dealers 53</p> <p style="padding-left: 20px;">Exchange and Redemption of Units through CDS Participants 53</p> <p style="padding-left: 20px;">Short-Term Trading 53</p> <p>INCOME TAX CONSIDERATIONS 53</p> <p style="padding-left: 20px;">Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate 54</p> <p style="padding-left: 20px;">Status of the iShares Funds 54</p> <p style="padding-left: 20px;">Taxation of the iShares Funds 55</p> <p style="padding-left: 20px;">Taxation of Unitholders 59</p> <p style="padding-left: 20px;">Taxation of Registered Plans 61</p> <p>INTERNATIONAL INFORMATION REPORTING 61</p> <p>ORGANIZATION AND MANAGEMENT DETAILS OF THE iSHARES FUNDS 61</p> <p style="padding-left: 20px;">Trustee, Manager and Portfolio Adviser of the iShares Funds 61</p> <p style="padding-left: 20px;">Details of the Management Services to be Provided by BlackRock Canada 62</p> <p style="padding-left: 20px;">Governance 63</p> <p style="padding-left: 20px;">Ownership of BlackRock Canada 63</p> <p style="padding-left: 20px;">Executive Officers and Directors of BlackRock Canada 63</p> <p style="padding-left: 20px;">Sub-Adviser 64</p> <p style="padding-left: 20px;">Portfolio Managers of the Sub-Adviser 65</p> <p style="padding-left: 20px;">Details of the Investment Sub-Advisory Agreement 67</p> <p style="padding-left: 20px;">Conflicts of Interest 67</p> <p style="padding-left: 20px;">Independent Review Committee 68</p> <p style="padding-left: 20px;">Liquidity Risk Management 68</p> <p style="padding-left: 20px;">Strategic Alliance with RBC GAM 69</p>
---	--

Custodian.....	69
Auditor.....	69
Registrar and Transfer Agent.....	69
Securities Lending Agents.....	69
Designated Website	70
CALCULATION OF NET ASSET VALUE	70
NAV and NAV per Unit.....	70
Valuation Policies and Procedures	71
ATTRIBUTES OF THE SECURITIES	72
Description of the Securities Distributed.....	72
Subscriptions	72
Certain Provisions of the Units.....	72
Modification of Terms.....	73
UNITHOLDER MATTERS	73
Meetings of Unitholders	73
Matters Requiring Unitholder Approval.....	73
Change of Auditor	75
Amendments to the Trust Document.....	75
Permitted Mergers	76
Reporting to Unitholders	76
TERMINATION OF THE iSHARES FUNDS....	76
PLAN OF DISTRIBUTION	77

PRINCIPAL HOLDERS OF SECURITIES OF THE iSHARES FUNDS.....	77
PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD	77
MATERIAL CONTRACTS	79
EXPERTS.....	80
EXEMPTIONS AND APPROVALS.....	80
OTHER MATERIAL FACTS	82
Licensing and Trademark Matters	82
PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	82
DOCUMENTS INCORPORATED BY REFERENCE.....	83
ETF PROFILES.....	84
iShares Flexible Monthly Income ETF (“XFLI”)	77
iShares Flexible Monthly Income ETF (CAD-Hedged) (“XFLX”)	79
iShares Flexible Monthly Income ETF	
STATEMENT OF FINANCIAL POSITION....	F-4
iShares Flexible Monthly Income ETF (CAD-Hedged) STATEMENT OF FINANCIAL POSITION.....	F-7
CERTIFICATE OF THE iSHARES FUNDS, TRUSTEE AND THE MANAGER.....	C-1

IMPORTANT TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars, and all references to times in this prospectus are to Toronto time.

“**1933 Act**” — U.S. Securities Act of 1933, as amended.

“**ADRs, ADSs, GDRs and IDRs**” — American Depositary Receipts, American Depositary Shares, Global Depositary Receipts and International Depositary Receipts, respectively, each of which is a type of negotiable financial security that is traded on a local stock exchange but represents a security that is issued by a foreign publicly-listed company.

“**ATR Rule**” — has the meaning ascribed thereto under “**Risk Factors – Taxation of the iShares Funds Risk**”.

“**BAL**” — BlackRock Advisors (UK) Limited, an affiliate of BlackRock Canada.

“**Basket**” — a group of iShares ETFs, bonds, shares or other securities as BlackRock Canada may determine in its discretion from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

“**BFA**” — BlackRock Fund Advisors, an affiliate of BlackRock Canada.

“**BINC**” — the BlackRock Flexible Income ETF, an exchange traded mutual fund subject to the U.S. Investment Company Act, whose securities are listed on NYSE Arca.

“**BlackRock**” — BlackRock, Inc., the ultimate parent company of BlackRock Canada.

“**BlackRock Canada**” — BlackRock Asset Management Canada Limited, the trustee, manager and portfolio adviser of the iShares Funds.

“**BTC**” — BlackRock Institutional Trust Company, N.A., an affiliate of BlackRock Canada.

“**CAD Unit**” — in relation to an iShares Fund, a Canadian dollar denominated unit of beneficial interest of the iShares Fund.

“**Canadian iShares Fund**” — any ETF that is listed on a recognized Canadian stock exchange and managed by BlackRock Canada or an affiliate.

“**Canadian securities legislation**” — the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities therein and all exemptions therefrom.

“**Canadian Trading Day**” — each day on which a session of the Exchange is held.

“**Cboe Canada**” — Cboe Canada (formerly, the NEO Exchange Inc., renamed Cboe Canada as of April 4, 2023).

“**CDOs**” — collateralized debt obligations.

“**CDS**” — CDS Clearing and Depository Services Inc.

“**CDS Participant**” — a participant in CDS, including a securities broker or dealer, bank, trust company or other institution that directly or indirectly maintains a custodial relationship with CDS, which holds Units on behalf of beneficial owners of Units.

“**CLOs**” — collateralized loan obligations.

“**CMBS**” — commercial mortgage-backed securities.

“**CRA**” — Canada Revenue Agency.

“Creation Transaction Fee” — the fee payable in connection with payments of cash or securities, in whole or in part, for subscriptions of a Prescribed Number of Units of the applicable iShares Fund, representing, as applicable, brokerage expenses, commissions, transaction costs, costs or expenses related to market impact or differences in valuation, and other costs or expenses that the iShares Fund incurs or expects to incur in effecting securities transactions on the market with such payments of cash or securities or otherwise as a result of accepting such payments of cash or securities.

“Currency Hedging Strategy” — as described under **“Investment Strategies – Investment Strategies that May be Employed by iShares Funds – Use of Derivative Instruments – Currency Hedging Strategy”**.

“Custody Agreement” — as described under **“Prospectus Summary – Organization and Management Details of the iShares Funds – Custodian”**.

“Dealers” — registered dealers (that may or may not have entered into a Designated Broker Agreement) that enter into agreements with one or more iShares Funds and that subscribe for and purchase Units from such iShares Funds, and **“Dealer”** means any one of them.

“derivatives” — instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument, and may include options, forward contracts, futures contracts, swaps and debt-like securities.

“Designated Broker Agreement” — an agreement between BlackRock Canada, on behalf of an iShares Fund, and a registered dealer pursuant to which such registered dealer agrees to perform certain duties in relation to the iShares Fund.

“Designated Index” — an unleveraged index that is approved by the derivatives risk manager of a fund for purposes of the Relative VaR Test and that reflects the markets or asset classes in which the fund invests and is not administered by an organization that is an affiliated person of the fund, its investment adviser, or principal underwriter, or created at the request of the fund or its investment adviser, unless the index is widely recognized and used.

“Designated Reference Portfolio” — a Designated Index or the fund’s securities portfolio, provided that, if the fund’s investment objective is to track the performance (including a leverage multiple or inverse multiple) of an unleveraged index, the fund must use that index as its Designated Reference Portfolio.

“distribution record date” — a date designated by BlackRock Canada as a record date for the determination of Unitholders of an iShares Fund entitled to receive a distribution.

“DRIP” — the distribution reinvestment plan of each iShares Fund as described under **“Optional Plan – Distribution Reinvestment Plan”**.

“Dublin iShares Fund” — any ETF that is listed on the London Stock Exchange and managed by an affiliate of BlackRock Canada as described under **“Investment Strategies – Investment Strategies that May be Employed by iShares Funds – Investment in iShares ETFs – Dublin iShares Funds”**.

“ETF” — an exchange-traded fund.

“ETF Facts” — a document in respect of a class of Units of an iShares Fund, summarizing certain features of that class of Units and of that iShares Fund.

“Exchange” — in relation to an iShares Fund, the TSX.

“Exchange Transaction Fee” — the fee payable in connection with payments of cash or securities, in whole or in part, for exchanges of a Prescribed Number of Units of the applicable iShares Fund, representing, as applicable, brokerage expenses, commissions, transaction costs, costs or expenses related to market impact or differences in valuation, and other costs or expenses that the iShares Fund incurs or expects to incur in effecting securities transactions on the market to obtain the necessary cash or securities for the exchange or otherwise as a result of delivering such payments of cash or securities.

“**FHSA**” — first home savings account.

“**forward contracts**” — agreements between two parties to buy or sell an asset at a specified point in time in the future at a predetermined price and may include physical forward contracts, which are forward contracts that settle by physical delivery of the asset that is bought or sold, and cash-settled forward contracts.

“**Four-Tier Relief**” — as described under “**Exemptions and Approvals**”.

“**HST**” — federal harmonized sales tax.

“**Indemnified Party**” — as described under “**Organization and Management Details of the iShares Funds – Details of the Management Services to be Provided by BlackRock Canada**”.

“**IRC**” — the independent review committee of the iShares Funds as described under “**Organization and Management Details of the iShares Funds – Independent Review Committee**”.

“**iShares ETFs**” — ETFs managed by BlackRock Canada or an affiliate, including Canadian iShares Funds (including iShares Funds), U.S. iShares Funds and Dublin iShares Funds.

“**iShares Funds**” — collectively, the iShares Non-Index Funds, and “**iShares Fund**” means any one of them.

“**iShares Non-Index Funds**” — collectively, the non-index-tracking exchange-traded funds on the cover page of this prospectus, and “**iShares Non-Index Fund**” means any one of them.

“**Leverage Relief**” — as described under “**Exemptions and Approvals**”.

“**LIBOR**” — London Interbank Offered Rate.

“**Management Fee Distribution**” — an amount equal to the difference between the applicable management fee otherwise chargeable and a reduced fee determined by BlackRock Canada from time to time that is distributed monthly in cash by an iShares Fund to Unitholders who hold large investments in the iShares Fund, as described under “**Fees and Expenses – Fees and Expenses Payable by the iShares Funds – Management Fee Distributions**”.

“**MBS**” — mortgage-backed pass-through securities.

“**MRFP**” — management report of fund performance.

“**NAV**” — net asset value, as described under “**Calculation of Net Asset Value**”.

“**NAV per Unit**” — net asset value per Unit, as described under “**Calculation of Net Asset Value**”.

“**NI 81-102**” — National Instrument 81-102 – *Investment Funds*.

“**NI 81-107**” — National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

“**Plan**” — the DRIP.

“**Plan Units**” — as described under “**Optional Plan – Distribution Reinvestment Plan**”.

“**Prescribed Number of Units**” — in relation to a class of Units of an iShares Fund, the number of Units of such class determined by BlackRock Canada from time to time for the purpose of subscription orders, exchanges, redemptions or for such other purposes as BlackRock Canada may determine.

“**RDSP**” — registered disability savings plan.

“**Registered Plans**” — trusts governed by RRSPs, RRIFs, RDSPs, deferred profit sharing plans, RESPs, TFSAs and FHSAs.

“**Relative VaR Test**” — the VaR of the fund’s portfolio does not exceed 200% of the VaR of the Designated Reference Portfolio.

“**RESP**” — registered education savings plan.

“**RQA**” — BlackRock’s Risk and Quantitative Analytics Group.

“**RRIF**” — registered retirement income fund.

“**RRSP**” — registered retirement savings plan.

“**SEC**” — U.S. Securities and Exchange Commission.

“**securities regulatory authority**” — the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

“**SIFT**” — specified investment flow-through.

“**SIFT Rules**” — provisions of the Tax Act applicable to “SIFT trusts” and “SIFT partnerships” (as defined in the Tax Act).

“**SOFR**” — Secured Overnight Financing Rate.

“**SSBT**” — State Street Bank and Trust Company, an affiliate of SSTCC.

“**SSTCC**” — State Street Trust Company Canada, the custodian, registrar and transfer agent and Plan Agent of the iShares Funds.

“**swap**” — a forward-type financial derivative contract in which two counterparties agree to exchange cash flows determined with reference to prices of, for example, currencies or interest rates, according to predetermined rules. At inception, this instrument typically has zero market value. As market prices change, the swap may acquire value, which value then fluctuates based on the market.

“**Tax Act**” — the *Income Tax Act* (Canada) and the regulations issued thereunder, as the same may be amended from time to time.

“**TBAs**” — mortgage to-be-announced securities.

“**TFSA**” — tax-free savings account.

“**Three-Tier Relief**” — as described under “**Exemptions and Approvals**”.

“**Trading Day**” — for each iShares Fund, a day on which (i) a session of the Exchange is held; and (ii) the primary market or exchange for the securities held by the iShares Fund is open for trading (as set forth in the Trust Document).

“**Trust Document**” — as described under “**Overview of the Legal Structure of the iShares Funds**”.

“**TSX**” — the Toronto Stock Exchange.

“**U.K.**” — the United Kingdom.

“**U.S.**” — the United States of America.

“**U.S. Investment Company Act**” — the U.S. *Investment Company Act of 1940*, as amended.

“**U.S. iShares Fund**” — any ETF that is listed on a recognized U.S. stock exchange and managed by an affiliate of BlackRock Canada.

“**U.S. Money Market Fund**” — any U.S. registered money market fund advised by BFA or an affiliate.

“**Underlying Fund**” — an iShares ETF that is a Canadian resident trust in which another iShares Fund invests.

“**Unit**” — a CAD Unit or USD Unit, as applicable.

“**Unitholder**” — in respect of an iShares Fund, a holder of one or more Units of such iShares Fund.

“**USD Unit**” — in relation to XFLI, a U.S. dollar denominated unit of beneficial interest of the iShares Fund.

“**VaR**” — an estimate of potential losses on an instrument or portfolio, expressed as a percentage of the value of the portfolio’s assets (or net assets when computing an iShares Fund’s VaR), over a specified time horizon and at a given confidence level.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in the prospectus.

Issuers:	The iShares Funds
Offerings:	<p>Each iShares Fund is an exchange-traded fund established as a trust under the laws of the Province of Ontario. BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds.</p> <p>Each iShares Fund is offering CAD Units and/or USD Units, as applicable, pursuant to this prospectus. For a more detailed description of the units being offered by a particular iShares Fund, see the applicable ETF profile under the heading “ETF Profiles”.</p>
Continuous Distribution:	<p>There is no maximum number of Units that may be issued for each iShares Fund.</p> <p>The TSX has conditionally approved the listing of the Units of the iShares Funds subject to fulfillment by the iShares Fund of all of the requirements of the TSX, including distribution of a minimum number of Units of the iShares Funds, by August 28, 2025. Once the Units are listed on the TSX, Units of the iShares Funds will be offered on a continuous basis.</p> <p>Investors may purchase or sell Units on the TSX through a registered broker or dealer in the province or territory where the investor resides. Accordingly, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors may incur customary brokerage commissions when buying or selling Units on the TSX. Dealers may purchase a Prescribed Number of Units from the iShares Funds at the NAV per Unit. See “Purchase of Units – Issuance of Units”.</p>
Investment Objectives of the iShares Funds:	The investment objectives of an investment fund describe the fundamental attributes of the investment fund that distinguish it from other investment funds. For a description of the investment objectives of a particular iShares Fund, see the applicable ETF profile under the heading “ ETF Profiles ”.
Investment Strategies of the iShares Funds:	The investment strategies of an investment fund describe the strategies that the investment fund may use in pursuing its investment objectives. For a description of the general investment strategies applicable to the iShares Funds, see “ Investment Strategies ”. For a more detailed description of the investment strategies of a particular iShares Fund, see the applicable ETF profile under the heading “ ETF Profiles ”.
Use of Leverage:	An iShares Fund may use leverage. Leverage may be created through the use of cash borrowings, short sales and/or derivatives. An alternative mutual fund’s aggregate exposure to those sources of leverage may be up to 300% of its NAV; however, the iShares Funds have applied for exemptive relief from the Canadian securities regulatory authorities in order to permit the iShares Funds aggregate exposure to those sources of leverage to exceed 300% of its NAV, provided each iShares Fund complies with the Leverage Relief. See “ Exemptions and Approvals ” and “ Investment Strategies – Use of Leverage ”.
Risk Factors:	There are certain risks associated with making an investment in the iShares Funds, which are described under the heading “ Risk Factors – General Risks Relating to an Investment in the iShares Funds ”. The risk factors described under the heading “ Risk Factors – Risks Relating to an Investment in Specific iShares Funds ” apply to certain, but not all, iShares Funds. For details as to which of these risk factors apply to a particular iShares Fund, see the applicable ETF profile under the heading “ ETF Profiles ”.

The iShares Funds are “alternative mutual funds” for securities law purposes and are permitted to use strategies generally prohibited for conventional mutual funds, such as the ability to borrow cash, to short sell beyond the limited prescribed for conventional mutual funds and to generally employ leverage including through the use of derivatives. While these strategies will only be used in accordance with the investment objectives and strategies of the iShares Funds, during certain market conditions they may accelerate the risk that an investment in the iShares Funds decreases in value.

**Special
Considerations for
Unitholders:**

The provisions of the “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the iShares Funds. In addition, based upon exemptive relief granted by the Canadian securities regulatory authorities, a Unitholder may acquire more than 20% of the Units of a class of any iShares Fund through purchases on the Exchange without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that such Unitholder, as well as any person acting jointly or in concert with the Unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of a class of that iShares Fund.

Market participants are permitted to sell Units of any iShares Fund short and at any price without regard to the restrictions in the Universal Market Integrity Rules applicable to trading on the Exchange that generally prohibit selling securities short unless the price is at or above the last sale price.

Units of the iShares Funds may be “mark-to-market property” for purposes of the “mark-to-market” rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually, on income account, any accrued gains and losses on securities that are “mark-to-market property”.

See “**Purchase of Units – Special Considerations for Unitholders**” and “**Exemptions and Approvals**”.

Exchange:

Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) on any Trading Day for Baskets and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. See “**Exchange and Redemption of Units – Exchange of Units at NAV per Unit for Baskets and/or Cash**”.

Redemption:

Unitholders may redeem Units of any iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the Exchange on the effective Trading Day for the redemption. However, a cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the applicable NAV per Unit. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the Exchange through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a Unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the Exchange. See “**Exchange and Redemption of Units – Redemption of Units for Cash**”.

Distribution Policy

For information on the expected frequency of cash distributions of a particular iShares Fund, see the applicable ETF profile under the heading “**ETF Profiles**”.

It is intended that in each taxation year of an iShares Fund, any net income and net realized capital gains (as computed under the Tax Act) of the iShares Fund will be paid or made payable to such an extent that the iShares Fund will not be liable for ordinary income tax

thereon. The tax treatment to Unitholders of distributions is discussed under the heading “**Income Tax Considerations – Taxation of Unitholders**”.

To the extent that a class of any iShares Fund has not otherwise distributed the full amount of the net income or net realized capital gains in any taxation year allocated to that class, the difference between such amount and the amount actually distributed by the iShares Fund will be paid to Unitholders of that class as a “reinvested distribution”. Reinvested distributions (if any) will generally be automatically reinvested in additional Units of the same class of the applicable iShares Fund at a price equal to the NAV per Unit of that class of the applicable iShares Fund and the Units of that class of such iShares Fund will be immediately consolidated such that the number of outstanding Units of that class of such iShares Fund following the distribution will equal the number of Units of the applicable class of the applicable iShares Fund outstanding prior to the distribution.

Except with respect to Management Fee Distributions which will be paid in Canadian dollars, cash distributions on Units of iShares Funds will be made in the currency in which the Units of the iShares Funds are denominated.

**Distribution
Reinvestment:**

At any time, a Unitholder may elect to participate in the iShares Funds’ DRIP by contacting the CDS Participant through which the Unitholder holds its Units. Under the DRIP, cash distributions will be used to acquire additional Units (commission free to the Unitholder) of the same iShares Fund and class by purchasing them at market price on an exchange, which Units will be credited to the account of the Unitholder’s broker through CDS. See “**Optional Plan – Distribution Reinvestment Plan**” for additional information relating to the DRIP.

Termination:

Each iShares Fund may be terminated by BlackRock Canada on not less than 60 days’ and not more than 90 days’ notice to Unitholders.

See “**Termination of the iShares Funds**”.

**Income Tax
Considerations:**

This summary of Canadian federal income tax considerations is subject in its entirety to the qualifications, limitations and assumptions set out in “**Income Tax Considerations**”.

A Unitholder who is an individual resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the iShares Fund paid to the Unitholder (including any reinvested distribution) in the year and deducted by the iShares Fund in computing its income. Any returns of capital paid or payable to a Unitholder in a taxation year will generally reduce the adjusted cost base of the Unitholder’s Units of that iShares Fund. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such capital gain (*i.e.*, the adjusted cost base will be reset to zero). Any loss of an iShares Fund cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the iShares Fund. Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

The Trust Document governing each of the iShares Funds requires that in each taxation year the iShares Fund makes payable undistributed net income and net realized capital gains, if any, for the taxation year to Unitholders to such an extent that the iShares Fund will not be liable in respect of the taxation year for ordinary income tax.

Each investor should satisfy themselves as to the tax consequences of an investment in Units by obtaining advice from his or her own tax advisor. See “**Income Tax Considerations**”.

Eligibility for Investment:

Provided that the Units of an iShares Fund are and continue to be listed on the Exchange or that the iShares Fund qualifies and continues to qualify as a “mutual fund trust” under the Tax Act or as a “registered investment” under the Tax Act, the Units of that iShares Fund will be qualified investments under the Tax Act for Registered Plans. Notwithstanding the foregoing, if Units of an iShares Fund are a “prohibited investment” for a TFSA, RRSP, RESP, RDSP, FHSA or a RRIF that acquires such Units, the holder of the TFSA, FHSA or RDSP, subscriber of the RESP or annuitant of the RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. See “**Income Tax Considerations – Status of the iShares Funds**”.

Non-Resident Unitholders:

In order for an iShares Fund to qualify and/or maintain its status as a “mutual fund trust” for the purposes of the Tax Act, except in certain circumstances, the iShares Fund cannot be established or maintained primarily for the benefit of non-residents of Canada, partnerships that are not “Canadian partnerships” as defined in the Tax Act, or a combination thereof. No iShares Fund will accept any subscription for Units from any person or non-Canadian partnership, issue any Units to any person or non-Canadian partnership, or register or otherwise recognize the transfer of any Units to any person or non-Canadian partnership if prior to such subscription, issuance or transfer, BlackRock Canada determines that, after giving effect thereto, the percentage of Units beneficially owned, directly or indirectly, by persons who are non-residents of Canada, non-Canadian partnerships, or a combination thereof, would be more than 40% of the Units of an iShares Fund, or such other limit determined in the discretion of BlackRock Canada in respect of certain iShares Funds. The Trust Document includes a mechanism to permit BlackRock Canada, on behalf of the iShares Fund, to sell Units held by non-resident persons when their holdings result in contravention of this restriction. Notwithstanding the foregoing, BlackRock Canada may determine not to take any of the actions described above if BlackRock Canada has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the iShares Fund as a “mutual fund trust” for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the iShares Fund as a “mutual fund trust” for purposes of the Tax Act. The Units of the iShares Funds are not designed for, or intended to be held by, non-residents of Canada.

The Units have not been and will not be registered under the 1933 Act or under the securities laws of any State. Subject to certain exceptions, the Units may not be offered or sold in the United States or offered or sold to U.S. persons (as such term is defined in the 1933 Act). The iShares Funds have not been and will not be registered under the U.S. Investment Company Act. BlackRock Canada has not been registered under the U.S. Investment Advisers Act of 1940.

Organization and Management Details of the iShares Funds:

Trustee, Manager and Portfolio Adviser

BlackRock Canada, a registered portfolio manager, exempt market dealer and investment fund manager is the trustee, manager and portfolio adviser of the iShares Funds, and is responsible for the administration of the iShares Funds.

BlackRock Canada is an indirect, wholly-owned subsidiary of BlackRock.

The principal office of BlackRock Canada is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario M5J 2S1.

See “**Organization and Management Details of the iShares Funds – Trustee, Manager and Portfolio Adviser of the iShares Funds**”.

Sub-Adviser

BlackRock Institutional Trust Company, N.A. (“**BTC**”), a national banking association organized under the laws of the U.S., is the sub-adviser of the iShares Funds and is responsible for their respective investment activities, subject to the policies, control and supervision of BlackRock Canada. BTC’s principal office is located in San Francisco, California and has a branch in the United Kingdom (the “**U.K.**”). BTC is an affiliate of BlackRock Canada. BlackRock Canada may also appoint other affiliates to provide portfolio management or investment sub-advisory services to the iShares Funds. See “**Organization and Management Details of the iShares Funds – Sub-Adviser**”.

Custodian

State Street Trust Company Canada (“**SSTCC**”) is the custodian of the iShares Funds pursuant to a service module (the “**Custody Agreement**”) between BlackRock Canada, in its capacity as portfolio adviser and trustee of the iShares Funds, SSTCC and State Street Bank and Trust Company (“**SSBT**”) dated as of April 13, 2018, as amended from time to time. SSTCC’s principal office is located in Toronto, Ontario.

SSTCC appoints sub-custodians from time to time, including BTC, BAL and SSBT, pursuant to sub-custodial agreements entered into by SSTCC. See “**Organization and Management Details of the iShares Funds – Custodian**”.

Registrar and Transfer Agent

The registrar and transfer agent for the Units is SSTCC at its principal office in Toronto, Ontario. SSTCC maintains the register of registered Unitholders of each iShares Fund. See “**Organization and Management Details of the iShares Funds – Registrar and Transfer Agent**”.

Securities Lending Agents

BTC acts as a securities lending agent for the iShares Funds pursuant to an amended and restated securities lending authorization agreement dated September 16, 2024 (the “**BTC Securities Lending Authorization Agreement**”) between BlackRock Canada and BTC. BTC is a national banking association organized under the laws of the United States of America. BTC’s principal office is located in San Francisco, California. BTC is an affiliate of BlackRock Canada.

BAL acts as a securities lending agent for the iShares Funds pursuant to an amended and restated securities lending authorization agreement dated September 16, 2024 (the “**BAL**

Securities Lending Authorization Agreement”) between BlackRock Canada and BAL. BAL is regulated by the Financial Conduct Authority in the United Kingdom. BAL’s principal office is located in London, England. BAL is an affiliate of BlackRock Canada.

The securities lending agents act on behalf of the iShares Funds in administering the securities lending transactions entered into by the iShares Funds. The collateral posted by a securities borrower to a lending iShares Fund in a securities lending transaction is required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the iShares Funds, the iShares Funds also benefit from a borrower default indemnity provided by BlackRock, an affiliate of BlackRock Canada. BlackRock’s indemnity provides for full replacement of securities lent in the event the borrower defaults on its obligation to return the loaned securities and the collateral received is insufficient to reconstitute the portfolio of loaned securities. See “**Organization and Management Details of the iShares Funds – Securities Lending Agents**”.

Auditor

The auditor of the iShares Funds is PricewaterhouseCoopers LLP, at its principal office in Toronto, Ontario. See “**Organization and Management Details of the iShares Funds – Auditor**”.

Documents Incorporated by Reference:

During the period in which an iShares Fund is in continuous distribution, additional information will be available in the most recently filed ETF Facts for each of the iShares Funds, the most recently filed comparative annual financial statements, any interim financial statements filed after its most recent comparative annual financial statements, the most recent annual MRFP, and any interim MRFP filed after that annual MRFP. These documents are or will be incorporated by reference into, and legally form an integral part of, this prospectus. These documents are or will be publicly available on the iShares Funds’ designated website at www.blackrock.com/ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are or will be publicly available at www.sedarplus.com. See “**Documents Incorporated by Reference**”.

SUMMARY OF FEES AND EXPENSES

The table below lists the fees and expenses payable by the iShares Funds and a Unitholder of an iShares Fund. The value of a Unitholder’s investment in an iShares Fund will be reduced by the amount of fees and expenses charged to such iShares Fund. See “**Fees and Expenses**”.

Fees and Expenses Payable by the iShares Funds

Annual Management Fee:

Each iShares Fund will pay BlackRock Canada an annual management fee based on an annualized percentage of the daily NAV of the iShares Fund or, in the case of an iShares Fund with more than one class of shares, each class of the iShares Fund, plus any applicable taxes. For the annual management fee payable by a particular iShares Fund, or class thereof, see the applicable ETF profile under the heading “**ETF Profiles**”. The annual management fee will be calculated and accrued daily and is generally paid to BlackRock Canada monthly, but in any case not less than quarterly. The annual management fee is paid by each iShares Fund to BlackRock Canada in consideration for providing, or arranging for the provision of, management, trustee and portfolio advisory services, maintaining portfolio systems used to manage the iShares Fund, maintaining the website of the iShares Fund, marketing and promotional services and the payment of fees for sub-advisory services. See “**Organization**”.

and Management Details of the iShares Funds – Details of the Management Services to be Provided by BlackRock Canada”.

Where an iShares Fund invests in securities of an iShares ETF, there will be: (i) no management fees or incentive fees payable by the iShares Fund that, to a reasonable person, would duplicate a fee payable by an iShares ETF for the same service, and (ii) no sales fees or redemption fees payable by the iShares Fund in relation to its purchases or redemptions of the securities of an iShares ETF; provided, however, that the restriction in (ii) does not apply to brokerage fees incurred on the purchase or sale of securities issued by an investment fund that are listed for trading on a stock exchange. See “**Investment Strategies – Investment Strategies that May be Employed by iShares Funds – Investment in iShares ETFs**”.

For all iShares Funds, BlackRock Canada is generally responsible for each of the iShares Fund’s ordinary fees and expenses, except for the management fees and other fees described above and the expenses payable by the iShares Fund described below under “**Fees and Expenses – Fees and Expenses Payable by the iShares Funds – Operating Expenses**”. Each iShares Fund is also responsible for other fees and expenses in accordance with the terms of the Trust Document, such as extraordinary expenses or expenses incurred in connection with the recovery of amounts due to the iShares Fund. The fees and expenses for which BlackRock Canada is responsible include the fees payable to the sub-adviser, custodian, registrar and transfer agent and other service providers retained by BlackRock Canada as described under “**Organization and Management Details of the iShares Funds – Details of the Management Services to be Provided by BlackRock Canada**”. In addition, BlackRock Canada may, from time to time in its sole discretion, bear certain of the costs and expenses that would otherwise be payable by an iShares Fund.

Management Fee Distributions:

BlackRock Canada may agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from the iShares Funds with respect to investments in the iShares Funds by Unitholders that, on average during any period specified by BlackRock Canada from time to time, hold a minimum number of Units having a specified aggregate value. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the iShares Fund will be distributed periodically, as determined by BlackRock Canada, in cash by BlackRock Canada to those Unitholders as “**Management Fee Distributions**”.

BlackRock Canada reserves the right to discontinue or change Management Fee Distributions at any time. The income tax consequences of Management Fee Distributions made by the iShares Funds generally will be borne by the Unitholders receiving these distributions. See “**Fees and Expenses – Fees and Expenses Payable by the iShares Funds – Management Fee Distributions**”.

Operating Expenses:

The iShares Funds are responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions and other portfolio transaction costs, income tax, HST, withholding and other taxes. Each iShares Fund is also responsible for other fees and expenses in accordance with the terms of the Trust Document, such as extraordinary expenses or expenses incurred in connection with the recovery of amounts due to the iShares Fund.

The management fee is exclusive of HST. An iShares Fund is required to pay HST on management fees charged to the iShares Fund. In general, the total HST paid by an iShares Fund will depend on the distribution by provincial residence of the iShares Fund’s Unitholders. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of an iShares

Fund’s Unitholders will have an impact on the management expense ratio of the iShares Fund year over year.

When an iShares Fund invests in securities of an iShares ETF, there are certain expenses payable by the underlying iShares ETF, in addition to the expenses directly payable by the iShares Fund. The iShares Fund indirectly bears its share of such expenses of the underlying iShares ETF.

See “**Fees and Expenses – Fees and Expenses Payable by the iShares Funds – Operating Expenses**”.

Fees and Expenses Payable Directly by You

Administrative Fee to Offset Certain Costs of Transactions with Dealers: In connection with exchanges or redemptions of Units of an iShares Fund by a Dealer, BlackRock Canada may charge the Dealer effecting the exchange or redemption, at its discretion, an administrative fee as a percentage of the exchange or redemption proceeds to offset certain transaction costs incurred in connection with the exchange or redemption, which is payable to the iShares Fund. Currently, BlackRock Canada has set these discretionary administrative fees as follows:

- XFLI and XFLX – up to 0.07% of proceeds

The administrative fee will not be charged to a Unitholder in connection with the buying or selling of Units of an iShares Fund on the Exchange. See “**Fees and Expenses – Fees and Expenses Payable Directly by You**”.

OVERVIEW OF THE LEGAL STRUCTURE OF THE iSHARES FUNDS

Each of the iShares Funds is an exchange-traded fund established as a trust under the laws of the Province of Ontario pursuant to the master declaration of trust amended and restated as of September 16, 2024, as may be further amended and/or restated from time to time (the “**Trust Document**”). Each iShares Fund is an “alternative mutual fund” as defined in NI 81-102.

Unitholders of the iShares Funds are not shareholders of a corporation.

The principal office of the iShares Funds is located at 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario M5J 2S1.

While each iShares Fund is a mutual fund under Canadian securities legislation, the iShares Funds have been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “**Exemptions and Approvals**”.

The full legal name of each iShares Fund, as well as its Exchange and the ticker symbols of its classes of Units, are set out below:

Legal Name of iShares Fund	Exchange	Ticker Symbol	
		CAD Units	USD Units
iShares Flexible Monthly Income ETF	TSX	XFLI	XFLI.U
iShares Flexible Monthly Income ETF (CAD-Hedged)	TSX	XFLX	

INVESTMENT OBJECTIVES

The investment objectives of an investment fund describe the fundamental attributes of the investment fund that distinguish it from other investment funds. For a description of the investment objectives of a particular iShares Fund, see the applicable ETF profile under the heading “**ETF Profiles**”.

The fundamental investment objectives of an iShares Fund may not be changed except with the approval of its Unitholders. See “**Unitholder Matters – Matters Requiring Unitholder Approval**”.

INVESTMENT STRATEGIES

The investment strategies of an investment fund describe the strategies that the investment fund may use in pursuing its investment objectives. The general investment strategies applicable to iShares Funds are described below. For a more detailed description of the investment strategies of a particular iShares Fund, see the applicable ETF profile under the heading “**ETF Profiles**”.

Investment Strategies Employed by iShares Non-Index Funds

Each iShares Non-Index Fund invests in and holds a portfolio of securities or other investments selected by BlackRock Canada, or the applicable portfolio sub-advisor, as applicable, in order to achieve its investment objective.

Investment Strategies that May be Employed by iShares Funds

The following investment strategies may be employed by all iShares Funds, subject to the more detailed description of the investment strategies and investment restrictions of a particular iShares Fund in its applicable ETF profile under the heading “**ETF Profiles**”.

Investment in iShares ETFs

In accordance with applicable Canadian securities legislation, including NI 81-102, or any exemptive relief obtained therefrom, as applicable, an iShares Fund may invest in one or more iShares ETFs, provided that: (i) no management fees or incentive fees are payable by an iShares Fund that, to a reasonable person, would duplicate a fee payable by an iShares ETF for the same service, and (ii) no sales fees or redemption fees are payable by the iShares Fund in relation to its purchases or redemptions of the securities of an iShares ETF; provided, however, that the restriction in (ii) does not apply to brokerage fees incurred on the purchase or sale of securities issued by an investment fund that are listed for trading on a stock exchange. See “**Fees and Expenses – Fees and Expenses Payable by the iShares Funds – Annual Management Fee**”.

Canadian iShares Funds

The Canadian iShares Funds, which include the iShares Funds, are exchange-traded funds that are listed on the Exchange or Cboe Canada and managed by BlackRock Canada or an affiliate. The investment objectives of each Canadian iShares Fund are to provide long-term capital growth or income, as applicable, or another specified investment objective, by replicating the performance of its applicable index, net of expenses or by holding a portfolio of investments selected by BlackRock Canada, or the applicable portfolio sub-advisor, as applicable. Except where exemptive relief has been obtained, all of the Canadian iShares Funds follow the limits, restrictions, and practices set by Canadian securities regulations.

U.S. iShares Funds

The U.S. iShares Funds are exchange-traded funds that are listed on one or more recognized U.S. stock exchanges and managed by BFA. Generally, each U.S. iShares Fund seeks to achieve its objective by investing primarily in securities that comprise its index (an “**Underlying Index**”) and through transactions that provide substantially similar exposure

to securities in the Underlying Index. The U.S. iShares Funds may also generally invest a percentage of their assets in securities not included in the Underlying Index, but which BFA believes will help track the Underlying Index, and in futures contracts, options and swaps as well as cash and cash equivalents, including shares of U.S. Money Market Funds. The U.S. iShares Funds are permitted to engage in securities lending and derivatives transactions. Shares of the U.S. iShares Funds are denominated in U.S. dollars.

BFA may use a “representative sampling” indexing strategy. Representative sampling is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Underlying Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit quality and/or yield) and liquidity measures similar to those of the relevant Underlying Index. A U.S. iShares Fund may or may not hold all of the securities that are included in the relevant Underlying Index.

Pursuant to exemptive relief received from the Canadian securities regulatory authorities, the iShares Funds are permitted to invest in securities of a U.S. iShares Fund that may hold more than 10% of its NAV in securities of one or more U.S. Money Market Funds, provided certain conditions are met. See “**Exemptions and Approvals**”.

The iShares Funds have applied for exemptive relief from the Canadian securities regulatory authorities in order to permit them to invest, directly (in the case of XFLI) or indirectly through XFLI (in the case of XFLX), up to 100% of their NAV in securities of BINC, provided certain conditions are met. BINC is an actively managed U.S. iShares Fund which does not seek to achieve its objective by investing primarily in securities that comprise an Underlying Index. See “**Exemptions and Approvals**”. BINC may itself invest in other U.S. iShares Funds that are actively managed and that do not seek to achieve their objective by investing primarily in securities that comprise an Underlying Index.

Dublin iShares Funds

The Dublin iShares Funds are exchange-traded funds incorporated with limited liability in Ireland and authorized by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities Regulations 2011, as amended) (“UCITS”). The shares of each Dublin iShares Fund are listed on the London Stock Exchange (and may also be listed on one or more additional stock exchanges). The Dublin iShares Funds are managed by BlackRock Asset Management Ireland Limited. BAL is the investment manager of the Dublin iShares Funds and affiliates of BAL may be retained by BAL to act as sub-advisors in respect of certain Dublin iShares Funds. The investment objective of each Dublin iShares Fund is to seek to track the performance of an index, net of expenses, and to provide investors with a total return, or net total return, taking into account both capital and income returns. To achieve their objectives, the Dublin iShares Funds may hold the component securities of the applicable index or otherwise invest in securities in a manner that will enable the Dublin iShares Fund to track the performance of the applicable index in accordance with the rules on eligible assets prescribed by UCITS. The Dublin iShares Funds may invest in futures contracts and other derivative instruments as an ancillary investment strategy and not as the primary means to replicate the performance of the applicable index. The Dublin iShares Funds are permitted to engage in securities lending transactions. The base denomination of the shares of the Dublin iShares Funds varies depending on the fund. Pursuant to exemptive relief received from the Canadian securities regulatory authorities, the iShares Funds are permitted to invest in securities of the Dublin iShares Funds provided certain conditions are met. See “**Exemptions and Approvals**”.

Securities Lending

An iShares Fund may engage in securities lending transactions in accordance with NI 81-102 to seek to provide incremental returns to the iShares Fund in a manner that is consistent with the investment objectives of the iShares Fund. Securities lending is also a means of generating income.

An iShares Fund may lend securities that it holds through an agent, to brokers, dealers, other financial institutions or other borrowers wishing to borrow securities provided that such securities lending qualifies as a “securities lending arrangement” for the purposes of the Tax Act.

Each iShares Fund has engaged BTC as a lending agent, subject to the overriding authority of BlackRock Canada. BTC is a national banking association organized under the laws of the United States of America. In addition, each iShares Fund has engaged BAL, a corporation incorporated under the laws of England and Wales, as a lending agent, again subject to the overriding authority of BlackRock Canada. BAL is authorized and regulated by the Financial Conduct Authority in the U.K. The iShares Funds may engage other affiliates of BlackRock Canada as lending agents.

Under Canadian securities legislation, the collateral posted by a securities borrower to a lending iShares Fund in a securities lending transaction is required to have an aggregate value of not less than 102% of the market value of the loaned securities.

The total value of the securities loaned by an iShares Fund in a securities lending transaction and not yet returned to it at any time is not permitted to exceed 50% of the NAV of the iShares Fund. Any cash collateral received by an iShares Fund may only be invested in securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

Securities lending is managed by a dedicated BlackRock team supported by BlackRock's quantitative analysis, proprietary technology and risk management systems. Cash and securities are permitted to be received as collateral under securities lending arrangements for the securities on loan. BlackRock employs an investment style for securities lending collateral that emphasizes quality, liquidity and interest rate risk management. Disciplined risk management, including a credit surveillance process, is an integral part of the investment process. BTC and BAL receive a share of securities lending revenues from the iShares Funds.

There are potential conflicts of interests in managing a securities lending program, including but not limited to: (i) BTC or BAL as lending agent may have an incentive to increase or decrease the amount of securities on loan or to lend particular securities in order to generate additional risk-adjusted revenue for BlackRock and its affiliates; and (ii) BTC and BAL allocate securities lending opportunities among their securities lending clients and seek to provide all of them with equal securities lending opportunities over time in order to approximate pro-rata allocation.

As part of its securities lending program, BlackRock indemnifies certain clients and/or funds, including the iShares Funds, against a shortfall in collateral in the event of borrower default. BlackRock's Risk and Quantitative Analytics Group ("**RQA**") calculates, on a regular basis, BlackRock's potential dollar exposure to the risk of collateral shortfall upon counterparty default ("**shortfall risk**") under the securities lending program for both indemnified and unindemnified clients and/or funds. RQA, in partnership with the securities lending agents and BlackRock Finance, oversees the risk management framework and the liquidity allocation required to support BlackRock's indemnification commitments. RQA determines the maximum amount of counterparty-specific credit exposure ("**credit limits**") BlackRock is willing to assume as well as the program's operational complexity. RQA oversees the risk model that calculates projected shortfall values using loan-level factors such as loan and collateral type and market value as well as specific borrower counterparty credit characteristics. When necessary, RQA may further adjust other securities lending program attributes by restricting eligible collateral or reducing counterparty credit limits. As a result, the management of indemnification exposure may affect the amount of securities lending activity BlackRock may conduct at any given point in time and impact indemnified and non-indemnified clients by reducing the volume of lending opportunities for certain loans (including by asset type, collateral type and/or revenue profile) and increasing the volume of lending opportunities for other loan types.

Securities lending across BlackRock portfolios requires BlackRock to manage the potential conflicts of interest between BlackRock and its clients, and among clients, by allocating loans on an equitable basis over time. BlackRock uses a predetermined systematic and fair process in order to approximate pro-rata allocation. In order to allocate a loan to a portfolio: (i) BlackRock as a whole must have sufficient lending capacity pursuant to the various program limits (i.e. counterparty credit limits); (ii) the lending portfolio must hold the asset at the time a loan opportunity arrives; and (iii) it must also have enough inventory, either as an individual portfolio or when grouped with other portfolios into one single market delivery, to satisfy the loan request. In doing so, BlackRock seeks to provide equal lending opportunities and not equal outcomes for all portfolios, independent of whether BlackRock indemnifies the portfolio. Short and long-term outcomes for individual clients may vary due to asset mix, asset/liability spreads on different securities, and the overall limits imposed by BlackRock.

Use of Derivative Instruments

An iShares Fund may invest in or use derivative instruments, including options, forward contracts, futures contracts, swaps, and debt-like securities, provided that the use of such derivative instruments is in compliance with Canadian securities legislation and is consistent with the investment objectives, strategies and restrictions of the iShares Fund.

Derivatives are financial instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument. Derivatives enable investors to speculate on, or hedge against, future changes in the price or value of an underlying asset or related assets. The interests underlying a derivatives contract may include a wide variety of financial instruments such as currencies, interest rates and stock and bond indices or other assets, such as base or precious metals (commonly called commodities).

An iShares Fund may use derivatives for hedging and non-hedging purposes. Hedging refers to investments that are intended to offset or reduce a specific risk that is associated with all or a portion of an existing investment or position or group of investments or positions held by the iShares Fund.

For non-hedging purposes, an iShares Fund may, as an alternative to or in conjunction with investing in securities or other assets, use derivative instruments to obtain exposure to the performance of a particular security, asset or market, or where the use of the derivative instrument is considered more efficient from a portfolio management perspective. If an iShares Fund uses derivatives for non-hedging purposes, NI 81-102 requires that the iShares Fund hold certain assets and/or cash so as to restrict the use of leverage and to ensure the iShares Fund is able to meet its obligations under the derivative contracts. This regulatory requirement seeks to limit the amount of losses that could result from the use of derivatives. See also “**Use of Leverage**” below.

Over-the-Counter Derivatives

Over-the-counter, or “OTC” derivatives are a class of derivatives entered into between two parties pursuant to terms negotiated by such parties. In general, forward contracts, some swaps and options are OTC derivative contracts. These OTC contracts are entered into primarily by institutional investors. A forward contract is an agreement between the parties to buy or sell an asset at a specified point in time in the future at a predetermined price. In a standard OTC “swap” transaction, two parties agree to exchange, or swap, the returns (or differentials in rates of return) realized on a predetermined asset. The gross returns to be exchanged between the parties are the return on, or increase in the value of, a particular dollar amount, referred to as the “notional amount”. Options give the holder the right to buy an asset from, or sell an asset to, another party for a set price during a predetermined period of time, so long as certain conditions are met. It is referred to as an option because the purchaser of the contract has the option of exercising the right to buy or sell the underlying asset, whereas the seller is obliged to satisfy that right. The option seller usually receives a cash payment, or premium, for agreeing to provide the option.

Exchange-Traded Derivatives

Futures contracts are traded as standardized contracts on an exchange. An iShares Fund that purchases a futures contract generally does so through a futures commission merchant, which is a member of the relevant exchange. The iShares Fund must comply with the rules of the applicable clearing house, which typically requires the daily delivery of margin payments between the parties depending upon the changes to the quoted price of the futures contract.

Currency Hedging Strategy

Certain iShares Funds employ a currency hedging strategy, which refers to an investment strategy that seeks to hedge substantially all or, if specified in the fund’s ETF Profile, a portion, of the exposure of an iShares Fund or class of an iShares Fund to one or more foreign currencies, as applicable, back to the Canadian dollar (a “**Currency Hedging Strategy**”). A Currency Hedging Strategy can be employed by entering into currency forward contracts or other derivative instruments with financial institutions that have a “designated rating” as defined in NI 81-102 where

required by NI 81-102, by purchasing currency futures contracts that trade on an exchange, or by purchasing securities of iShares ETFs that employ a currency hedging strategy.

For information on which iShares Funds use a Currency Hedging Strategy, see the investment strategies of the applicable ETF profile under the heading “**ETF Profiles**”.

Short Selling

An iShares Fund may, in accordance with its investment objectives and investment strategies, engage in short selling in compliance with Canadian securities legislation or any exemptive relief obtained therefrom. A “**short sale**” is where the iShares Fund borrows securities from a borrowing agent which are then sold in the open market (or “**sold short**”). At a later date, the same number of securities are repurchased by the iShares Fund and returned to the borrowing agent. In the interim, the proceeds from the first sale are deposited with the borrowing agent and the iShares Fund pays interest to the borrowing agent. If the value of the securities declines between the time that the iShares Fund borrows the securities and the time it repurchases and returns the securities, the iShares Fund makes a profit for the difference (less any interest the iShares Fund is required to pay to the borrowing agent). In this way, the iShares Fund may have more opportunities for gains when markets are generally volatile or declining. See also “**Use of Leverage**” below.

Use of Leverage

An iShares Fund may be exposed to leverage. Leverage may be created through the use of cash borrowings, short sales and/or derivatives. An alternative mutual fund’s aggregate exposure to those sources of leverage may be up to 300% of its NAV; however, the iShares Funds have applied for exemptive relief from the Canadian securities regulatory authorities in order to permit the iShares Funds aggregate exposure to those sources of leverage to exceed 300% of its NAV, provided each iShares Fund complies with the Leverage Relief. See “**Exemptions and Approvals**”.

Cash and Cash Equivalents

An iShares Fund may hold a portion of its assets in cash, cash equivalents and/or other money market instruments, including for cash management purposes, in order to meet its current obligations or for rebalancing purposes. iShares Funds that are actively managed may hold cash, cash equivalents and/or other money market instruments in anticipation of or in response to market conditions.

ADRs, ADSs, GDRs and IDRs

An iShares Fund may invest in and hold ADRs, ADSs, GDRs and IDRs provided that such investment is consistent with its investment objectives.

OVERVIEW OF WHAT THE ISHARES FUNDS INVEST IN

For a description of the specific sectors an iShares Fund invests in, see the applicable ETF profile under the heading “**ETF Profiles**”.

INVESTMENT RESTRICTIONS

The iShares Funds are subject to certain investment restrictions and practices contained in Canadian securities legislation, including NI 81-102 and NI 81-107. The iShares Funds are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities or as permitted by NI 81-107. See “**Exemptions and Approvals**”.

Each iShares Fund is also restricted from undertaking any activity that would result in such iShares Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act.

FEES AND EXPENSES

Fees and Expenses Payable by the iShares Funds

Annual Management Fee

Each iShares Fund will pay BlackRock Canada an annual management fee based on an annualized percentage of the daily NAV of the iShares Fund or, in the case of an iShares Fund with more than one class of shares, each class of the iShares Fund, plus any applicable taxes. For the annual management fee payable by a particular iShares Fund, or class thereof, see the applicable ETF profile under the heading “**ETF Profiles**”. The annual management fee will be calculated and accrued daily and is generally paid to BlackRock Canada monthly, but in any case, not less than quarterly. The annual management fee is paid by each iShares Fund to BlackRock Canada in consideration for providing, or arranging for the provision of, management, trustee and portfolio advisory services, maintaining portfolio systems used to manage the iShares Fund, maintaining the designated website of the iShares Fund, marketing and promotional services and the payment of fees for sub-advisory services. See “**Organization and Management Details of the iShares Funds – Details of the Management Services to be Provided by BlackRock Canada**”.

Where an iShares Fund invests in securities of an iShares ETF, there will be: (i) no management fees or incentive fees payable by the iShares Fund that, to a reasonable person, would duplicate a fee payable by an iShares ETF for the same service, and (ii) no sales fees or redemption fees payable by the iShares Fund in relation to its purchases or redemptions of the securities of an iShares ETF; provided, however, that the restriction in (ii) does not apply to brokerage fees incurred on the purchase or sale of securities issued by an investment fund that are listed for trading on a stock exchange. See “**Investment Strategies – Investment Strategies that May be Employed by iShares Funds – Investment in iShares ETFs**”.

For all iShares Funds, BlackRock Canada is generally responsible for each of the iShares Fund’s ordinary fees and expenses, except for the management fees and other fees described above and the expenses payable by the iShares Fund described below under “**Fees and Expenses – Fees and Expenses Payable by the iShares Funds - Operating Expenses**”. Each iShares Fund is also responsible for other fees and expenses in accordance with the terms of the Trust Document, such as extraordinary expenses or expenses incurred in connection with the recovery of amounts due to the iShares Fund. The fees and expenses for which BlackRock Canada is responsible include the fees payable to the sub-adviser, custodian, registrar and transfer agent and other service providers retained by BlackRock Canada as described under “**Organization and Management Details of the iShares Funds – Details of the Management Services to be Provided by BlackRock Canada**”. In addition, BlackRock Canada may, from time to time in its sole discretion, bear certain of the costs and expenses that would otherwise be payable by an iShares Fund.

Management Fee Distributions

BlackRock Canada may agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from the iShares Funds with respect to investments in the iShares Funds by Unitholders that, on average during any period specified by BlackRock Canada from time to time, hold a minimum number of Units having a specified aggregate value. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the iShares Fund will be distributed periodically, as determined by BlackRock Canada, in cash by BlackRock Canada to those Unitholders as “**Management Fee Distributions**”.

The availability, eligible Unitholders and amount of Management Fee Distributions with respect to Units of an iShares Fund will be determined by BlackRock Canada in its sole discretion. Management Fee Distributions will generally be calculated and applied based on a Unitholder’s average holdings of Units (excluding Units lent under the terms of securities lending agreements) over each applicable period as specified by BlackRock Canada from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other participants in CDS who hold Units in CDS on behalf of beneficial Unitholders. Management Fee Distributions will be paid first out of income and capital gains of the iShares Funds and then out of capital. See “**Income Tax Considerations – Taxation of Unitholders**” for further details. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units must submit a claim for a

Management Fee Distribution that is verified by a CDS Participant on the beneficial owner's behalf and provide BlackRock Canada with such further information as BlackRock Canada may require in accordance with the terms and procedures established by BlackRock Canada from time to time.

BlackRock Canada reserves the right to discontinue or change Management Fee Distributions at any time. The income tax consequences of Management Fee Distributions made by the iShares Funds generally will be borne by the Unitholders receiving these distributions.

Operating Expenses

The iShares Funds are responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions and other portfolio transaction costs, income tax, HST, withholding and other taxes. Each iShares Fund is also responsible for other fees and expenses in accordance with the terms of the Trust Document, such as extraordinary expenses or expenses incurred in connection with the recovery of amounts due to the iShares Fund.

The iShares Funds pay the fees and expenses of their IRC. Expenses of the IRC include premiums for insurance coverage, legal fees, travel expenses and reasonable out-of-pocket expenses. Currently, each member receives \$55,100 (\$73,500 for the Chair) per annum as a general retainer and as compensation for attendance at meetings. IRC members are reimbursed for any costs incurred in attending meetings or otherwise incurred in fulfilling their obligations as IRC members. BlackRock Canada allocates the fees and expenses of the IRC on an equitable and reasonable basis amongst the iShares Funds and other investment funds for which the IRC has been appointed. See “**Organization and Management Details of the iShares Funds – Independent Review Committee**” for disclosure of the compensation paid by the iShares Funds to each member of their IRC for the most recently completed financial year.

The management fee is exclusive of HST. An iShares Fund is required to pay HST on management fees charged to the iShares Fund. In general, the total HST paid by an iShares Fund will depend on the distribution by provincial residence of the iShares Fund's Unitholders. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of an iShares Fund's Unitholders will have an impact on the management expense ratio of the iShares Fund year over year.

When an iShares Fund invests in securities of an iShares ETF, there are certain expenses payable by the underlying iShares ETF, in addition to the expenses directly payable by the iShares Fund. The iShares Fund indirectly bears its share of such expenses of the underlying iShares ETF.

Fees and Expenses Payable Directly by You

Administrative Fee to Offset Certain Costs of Transactions with Dealers

In connection with exchanges or redemptions of Units of an iShares Fund by a Dealer, BlackRock Canada may charge the Dealer effecting the exchange or redemption, at its discretion, an administrative fee as a percentage of the exchange or redemption proceeds to offset certain transaction costs incurred in connection with the exchange or redemption, which is payable to the iShares Fund. Currently, BlackRock Canada has set these discretionary administrative fees as follows:

- XFLI and XFLX – up to 0.07% of proceeds

The administrative fee will not be charged to a Unitholder in connection with the buying or selling of Units of an iShares Fund on the Exchange.

RISK FACTORS

There are certain risks associated with making an investment in the iShares Funds. The risk factors described under the sub-heading “**General Risks Relating to an Investment in the iShares Funds**” below apply to each iShares

Fund. The risk factors described under the sub-heading “**Risks Relating to an Investment in Specific iShares Funds**” below apply to certain, but not all, iShares Funds and are listed in alphabetical order. For details as to which of these risk factors apply to a specific iShares Fund, see the applicable ETF profile under the heading “**ETF Profiles**”.

iShares Funds can be exposed to these risks directly through investments in portfolio securities, or indirectly through investments in underlying iShares ETFs or the use of derivatives that have exposure to these risks. In the case of iShares Funds that invest in underlying iShares ETFs, each such iShares Fund is exposed to the risks to which an underlying iShares ETF is exposed in proportion to its investment in such underlying iShares ETF.

General Risks Relating to an Investment in the iShares Funds

General Risks of Investments

An iShares Fund’s NAV and the market price of the Units of an iShares Fund will be strongly influenced by the value of the iShares Fund’s portfolio investments. An increase or decrease in the value of an iShares Fund’s portfolio investments is expected to have a positive or negative effect on an iShares Fund’s NAV and the market price of the Units of an iShares Fund.

An investment in an iShares Fund should be made with an understanding that the value of its portfolio investments will fluctuate and may decline for a number of reasons, including in accordance with changes in the financial condition of the issuers in which it invests (including changes related to management performance, loss of credit support, changes in management, changes in strategy, corporate actions and reduced demand for goods or services) or markets in which it invests (particularly those that are more heavily weighted in its portfolio), the condition, market structure and regulation of equity, bond, commodity and currency markets and their participants generally, macroeconomic conditions, government policies (including fiscal and monetary policy), and other factors. Events such as pandemics, armed conflict, natural disasters, civil or political unrest, acts of terrorism, and other real-world events can have a significant effect on financial markets and the value of securities. The portfolio investments of an iShares Fund may change from time to time. The value of an iShares Fund’s portfolio investments may also be affected at any time by many unpredictable international, economic, monetary and political factors.

The risks inherent in investments in equity and/or fixed income securities include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock or bond market may deteriorate (either of which may cause a decrease in the value of an iShares Fund’s portfolio investments). Equity securities are susceptible to many factors, including general stock market fluctuations, macroeconomic conditions, government policies, and changes in the business prospects, financial condition, and capital management policies of the issuer. Fixed income securities are susceptible to many factors, including general interest rate fluctuations, general bond market fluctuations, inflation expectations, and the creditworthiness or financial condition of the issuer. Investments in foreign equity and debt markets may carry greater risk than local markets.

Portfolio investment prices are generally determined through market mechanisms that are affected by investor behaviour. Investor behaviour can be unpredictable and can be influenced by many factors, including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic, health and banking crises.

Each iShares Fund will generally invest in portfolio investments that are consistent with its investment objective and investment strategies. An iShares Fund may generate returns that are lower (including larger losses) than the returns generated by cash or other securities, funds, or investment opportunities that an investor could have pursued.

Volatility Risk

The value of an iShares Fund’s portfolio investments may fluctuate, sometimes rapidly and unpredictably. The value of a portfolio investment may fluctuate due to factors affecting markets generally or particular industries or a particular issuer. The value of an individual security or investment may also be more volatile than the market as a whole. Events

or financial circumstances affecting individual securities or sectors may increase the volatility of an iShares Fund. Volatility in the value of an iShares Fund's portfolio investments will generally affect an iShares Fund's NAV and the market price of the Units of an iShares Fund.

Interest Rate Risk

Interest rate risk is the risk that fixed income securities and other portfolio investments in which an iShares Fund invests will fluctuate in value because of a change in interest rates. Interest rate changes can be sudden and unpredictable. As nominal interest rates rise, the value of certain fixed income securities an iShares Fund invests in is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-fixed income portfolio investments may also decline due to fluctuations in interest rates, particularly securities expected to make regular income payments. In cases of negative interest rates, fixed income securities and other instruments could have a negative yield.

To the extent an iShares Fund invests in instruments that have very low or negative yields, the iShares Fund's NAV and NAV per Unit may be adversely affected and may fluctuate as a result and the fund's ability to pay cash distributions may be impaired. The recent historically low interest rate environment was created in part by the world's major central banks keeping their overnight policy interest rates at, near or below zero percent and implementing monetary policy facilities, such as asset purchase programs, to anchor longer-term interest rates below historical levels. During periods of very low or negative interest rates, an iShares Fund may be unable to maintain positive returns or pay distributions to Unitholders. Certain countries have previously experienced negative interest rates on certain fixed-income instruments. Very low or negative interest rates may magnify interest rate risk. Changing interest rates, including rates that fall below zero, may have unpredictable effects on markets, result in heightened market volatility and detract from an iShares Fund's performance to the extent the iShares Fund is exposed to such interest rates. Additionally, under certain market conditions in which interest rates are set at low levels and the market prices of portfolio securities have increased, an iShares Fund may have a very low, or even negative yield. A low or negative yield would cause an iShares Fund to lose money in certain conditions and over certain time periods.

Many factors can cause interest rates to rise. Risks associated with rising interest rates are currently heightened as central banks have recently increased their short-term policy rates, thus phasing out, or "tapering," accommodative monetary policy facilities. The Bank of Canada and the U.S. Federal Reserve have signaled a willingness to continue to do so. Rising interest rates can be driven by rates of inflation, real growth, general market conditions and other considerations. An iShares Fund that holds variable or floating rate securities may be particularly affected as issuers become less willing or able to make principal and interest payments as they become due. The timing, coordination, magnitude and effect of such policy changes on various markets is uncertain, and such changes in monetary policy may adversely affect the value of an iShares Fund's investments.

Equity Investments Risk

Holders of equity securities of any given issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

Equity securities tend to be more volatile than fixed income securities. The market value of equity securities is generally affected by both general factors such as macroeconomic conditions, interest rates, investor sentiment and government policies and regulations, as well as more issuer-specific factors, such as management performance, changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, financial leverage, changes in demand for the issuer's goods, services or securities, overall industry prospects and competitive conditions, and other factors. Investors in a given equity security, including the iShares

Funds, can experience a total loss of invested capital in certain situations, such as in the event of bankruptcy of the issuer.

Certain iShares Funds may invest in medium and/or smaller issuers (by market capitalization), and the overall market capitalization of an issuer tends to be related to the volatility and liquidity of its equity securities. The equity securities issued by mid- and small-capitalization issuers tend to have lower liquidity and higher volatility than equity securities issued by large capitalization issuers. Medium and small issuers tend to be more vulnerable to adverse business or economic developments, and less financially stable, than large issuers. Medium and small issuers may operate businesses that are concentrated in a small number of products or services, making them vulnerable to adverse developments affecting such products or services, and they may also be more dependent on a small number of essential personnel. An iShares Fund may experience difficulty in buying or selling mid- and small-capitalization equity securities that are thinly traded. The Units of an iShares Fund that invests a higher proportion of its assets in mid- and small- capitalization issuers may be more volatile than those of funds that invest a higher proportion of their assets in large-capitalization issuers.

In the case of certain iShares Funds investing in equity securities, distributions on the Units will generally depend upon the declaration of dividends or distributions on the equity securities. Dividends on common shares are not fixed but are declared at the discretion of an issuer's board of directors. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the issuers in which the iShares Fund invests and general economic conditions. Therefore, there can be no assurance that such issuers will pay dividends or distributions in the future or if declared, that they will remain at current levels or increase over time.

Foreign Investments Risk

Certain iShares Funds may invest in or have exposure to foreign investments. Foreign investments may involve unique risks not typically associated with investing in Canada. Foreign exchanges and/or markets may be open on days when the iShares Funds or an iShares ETF in which an iShares Fund invests do not price their securities and, therefore, the value of the securities in the portfolios of the iShares Funds or such iShares ETFs may change on days when investors will not be able to purchase or sell Units. In addition, a foreign market may be closed on days when the Units of an iShares Fund are trading in Canada. This may impact the primary market activity of an iShares Fund. For example, an iShares Fund is only required to offer exchanges and redemptions on Trading Days. Foreign market closures may make it harder for an iShares Fund to determine the fair value of its portfolio investments. Information about foreign issuers may not be complete, may not reflect the extensive accounting, financial reporting or auditing standards or may not have been subject to the same level of government supervision or regulation as would have been the case in Canada. Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures and risk of loss. In some countries, there may be difficulties in enforcing contractual obligations and investments could be affected by economic, political and social instability, expropriation, corruption and government interference, inflation or confiscatory taxation.

Investing in foreign securities may involve the execution and clearing of trades on or subject to the rules of a foreign market. None of the securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of any rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the iShares Funds may not be afforded certain of the protective measures provided by Canadian legislation or Canadian exchanges. In particular, funds received from investors for transactions by an iShares Fund on foreign exchanges may not be provided the same protection as funds received in respect of transactions by an iShares Fund on Canadian exchanges.

Distributions on the Units of an iShares Fund will also generally be affected by the imposition of withholding taxes on portfolio dividends or interest received from issuers of foreign securities or any gains realized on the disposition of such foreign securities. The income available to be distributed by an iShares Fund will generally be reduced by the existence of such withholding taxes. Distributions paid on the securities of a foreign iShares ETF will also generally

be subject to foreign withholding taxes. As a result, in certain circumstances, the iShares Funds may earn less income from investments in iShares ETFs than could have been otherwise earned from direct investments in securities (see “**Income Tax Considerations - Taxation of the iShares Funds**” for additional information on the impact of withholding taxes on certain iShares Funds).

An iShares Fund may file claims to recover withholding tax on dividend and interest income (if any) received from issuers in certain countries where such withholding tax reclaim is possible. The net amount of the withholding tax recovered may be reduced by the expenses incurred in connection with such claims. Whether or when the iShares Fund will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the iShares Fund expects to recover withholding tax based on a continuous assessment of probability of recovery, the NAV of the iShares Fund generally includes accruals for such tax refunds. The iShares Fund will continue to evaluate tax developments for potential impact to the probability of recovery. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the iShares Fund’s NAV for such refunds may need to be written down partially or in full, which will adversely affect that iShares Fund’s NAV. Investors in the iShares Fund at the time an accrual is written down will bear the impact of any resulting reduction in NAV regardless of whether they were investors during the accrual period. Conversely, if an iShares Fund receives a tax refund that has not been previously accrued, investors in the iShares Fund at the time the claim is successful will benefit from any resulting increase in the iShares Fund’s NAV. Investors who sold their Units prior to such time will not benefit from such NAV increase.

Currency Risk

Changes in foreign currency rates may affect the NAV of certain iShares Funds since certain iShares Funds will have direct and indirect investments denominated in currencies other than the Canadian dollar. The NAV of such iShares Funds will vary as a result of the value of the Canadian dollar relative to the other currencies. The value of the currency of a given country in which certain iShares Funds have invested (directly or indirectly) could decline relative to the value of the Canadian dollar due to any number of factors, including changes in macroeconomic conditions and high or accelerating rates of inflation in that country. BlackRock Canada and the iShares Funds have no control over such currency fluctuations.

Borrowing Risk

From time to time, an iShares Fund may borrow cash as permitted by applicable Canadian securities legislation and any applicable exemptive relief, including, as applicable, as a temporary measure to fund the portion of any distributions payable to Unitholders that represents amounts that have not yet been received by an iShares Fund, to accommodate requests for redemptions of Units of an iShares Fund while the iShares Fund effects an orderly liquidation of portfolio assets, or to permit an iShares Fund to settle portfolio transactions. There is a risk that the iShares Fund will not be able to repay the borrowed amount because it is unable to collect a distribution from the applicable issuer or because a trading counterparty is unable to deliver cash or securities. Under these circumstances, the iShares Fund would be required to repay the borrowed amount by disposing of portfolio assets. Commitment fees and/or interest charges associated with borrowing may reduce the NAV of an iShares Fund.

Derivative Investments Risk

An iShares Fund may invest in derivatives from time to time for both investment and hedging purposes. Derivatives allow an iShares Fund to increase or decrease the level of risk to which the applicable iShares Fund is exposed more quickly and efficiently than transactions in other types of instruments. An iShares Fund may use derivatives for hedging purposes. An iShares Fund may also use derivatives for speculative purposes to seek to enhance returns. The use of a derivative is speculative if the iShares Fund is primarily seeking to achieve gains, rather than to offset the risk of other positions. When an iShares Fund invests in a derivative for speculative purposes, the iShares Fund will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the derivative’s cost. Unless otherwise permitted, an iShares Fund may not use any derivatives to gain exposure to an asset or class of assets that it would be prohibited by its investment restrictions from purchasing directly.

There are a number of risks associated with the use of derivatives, some of which depend upon the type of derivative that the iShares Fund purchases or enters into. The use of any derivative by an iShares Fund subjects that iShares Fund to the credit risk that its counterparty (whether a clearing corporation in the case of exchange-traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is the risk of loss by an iShares Fund of any margin deposited with a counterparty, Dealer, clearing house, exchange or futures commission merchant in the event of the bankruptcy of that party. In addition, the ability of an iShares Fund to close out its positions may also be affected by daily trading limits imposed by futures exchanges. If an iShares Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the contract becomes exercisable, expires or matures, as the case may be. The inability to close out derivative positions also could have an adverse impact on an iShares Fund's ability to effectively implement its investment strategy.

There is no assurance that an iShares Fund's use of derivatives, including an iShares Fund's use of a Currency Hedging Strategy, will be effective (see "**Risk Factors – Risks Relating to an Investment in Specific iShares Funds – Currency Hedging Strategies**" for more information on this use of derivatives).

Securities Lending Risk

The iShares Funds may engage in securities lending. Securities lending involves the risk that an iShares Fund may suffer a loss, including because the borrower of the loaned securities fails to return the securities in a timely manner or at all. A borrower may fail to timely return recalled loaned securities which could, among other things, impact the ability of an iShares Fund to participate in a corporate action event. The securities lending agents of an iShares Fund may decide to recall loaned securities or to lend less or not at all, including as a result of market events, which could lead to reduced securities lending revenue. Changes in the status of issuers under applicable laws and regulations (including tax regulations) may impact the regulatory or tax treatment of loaned securities which could, for example, result in a delay in the payment of, or a loss of a portion of, dividend equivalent payments owed to an iShares Fund, as permitted by applicable law. Changes in the status or structure of issuers of loaned securities under applicable laws and regulations may impact the regulatory or tax treatment of a securities lending transaction. If an iShares Fund engages in lending, it will benefit from a borrower default indemnity from BlackRock and will also receive collateral in excess of the value of the securities on loan in connection with all loans of securities and such collateral will be marked to market daily. An iShares Fund would be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities or go bankrupt, the collateral is insufficient to replace the securities that are not returned and the iShares Fund is unable to realize on BlackRock's indemnity. Further, the iShares Funds would bear the risk of loss of any investment of cash collateral. Securities lending arrangements are limited to 50% of an iShares Fund's NAV.

Short Sales Risk

The iShares Funds may engage in short selling. Because making short sales in securities that it does not own exposes an iShares Fund to the risks associated with those securities, such short sales involve speculative exposure risk. An iShares Fund will incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which the iShares Fund replaces the security sold short. An iShares Fund will realize a gain if the security declines in price between those dates. As a result, if an iShares Fund makes short sales in securities that increase in value, it will likely underperform similar funds that do not make short sales in securities they do not own. There can be no assurance that an iShares Fund will be able to close out a short sale position at any particular time or at an acceptable price. Although an iShares Fund's gain is limited to the amount at which it sold a security short, its potential loss is limited only by the maximum attainable price of the security, less the price at which the security was sold. An iShares Fund may also pay transaction costs and borrowing fees in connection with short sales.

Leverage Risk

When an iShares Fund makes investments in derivatives, borrows cash for investment purposes or uses short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the iShares Fund. Leverage occurs when an iShares Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the

underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the iShares Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the iShares Fund's liquidity and may cause the iShares Fund to liquidate positions at unfavourable times.

Pursuant to exemptive relief received from the Canadian securities regulatory authorities, the iShares Funds aggregate exposure to those sources of leverage may exceed 300% of its NAV, provided each iShares Fund complies with the Leverage Relief. See "**Exemptions and Approvals**".

Concentration Risk

A large portion of an iShares Fund's portfolio investments may be concentrated in a single asset class, and/or a small number of issuers, iShares ETFs or industries. A concentrated portfolio may increase the liquidity risk of an iShares Fund which may, in turn, have an effect on the iShares Fund's ability to satisfy redemption and exchange requests. This may also lower the diversification of an iShares Fund and increase the volatility of its NAV and/or market price of its Units.

Liquidity Risk

Liquidity risk is the risk that an iShares Fund may not be able to dispose of its portfolio investments quickly or at prices that reflect an active two-way market for such investments. Under normal market conditions, most portfolio investments held by an iShares Fund are expected to be easy to sell at a fair price. However, under certain circumstances, such as market holidays, periods of market disruption, heightened uncertainty, rapid changes in government policy, or volatile macroeconomic or financial conditions, this may not be the case. Illiquidity in particular investments may also result from the lack of an active market for an issuer of securities, issuer default, sudden changes in the business prospects or financial condition of an issuer, legal or contractual restrictions on resale or the reduced number and/or capacity of market participants to make a market in particular investments. See "**Risk Factors – General Risks Relating to an Investment in the iShares Funds – Cease Trading of Portfolio Investments Risk**" for additional information on possible scenarios which could result in the illiquidity of an iShares Fund's portfolio investments.

Market prices for less liquid or illiquid portfolio investments may be volatile, and reduced liquidity may have an adverse impact on the market price of such portfolio investments. Additionally, the sale of less liquid or illiquid portfolio investments may involve substantial delays (including delays in settlement) and additional costs, which may prevent an iShares Fund from being able to limit its losses or realize gains. An iShares Fund may be unable to sell such portfolio investments when necessary to meet its liquidity needs or may be forced to sell at a loss. This may be the case for an iShares Fund that invests in securities of an iShares ETF and needs to dispose of securities of the iShares ETF under certain extraordinary circumstances. For further information regarding the circumstances in which BlackRock Canada could suspend exchanges or redemptions of Units, see "**Exchange and Redemption of Units - Suspension of Exchanges and Redemptions**".

Risk that Securities of the iShares Funds and iShares ETFs will Trade at Prices Other than NAV per Security

The securities of the iShares Funds and any iShares ETFs held by the iShares Funds may trade below, at, or above their respective NAV per security. The NAV per security will fluctuate with changes in the market value of the portfolio investments of an iShares Fund or an iShares ETF. The trading prices of the securities of an iShares Fund or an iShares ETF will fluctuate in accordance with changes in the NAV per security of the iShares Fund or the iShares ETF, as well as market supply and demand for the Units of the iShares Fund or the securities of the iShares ETF on the market(s) on which such Units or securities are traded. However, under normal market conditions, given that Dealers may subscribe for, and Unitholders and Dealers may exchange, the Prescribed Number of Units of an iShares Fund for securities and cash of total value equal to the NAV per Unit of an iShares Fund, BlackRock Canada believes that large discounts or premiums to the NAV per Unit of such iShares Fund should not be sustained. However, in periods of market distress, elevated volatility, severe liquidity disruption, or abnormal market conditions generally, larger and more sustained differences between trading prices and NAV per Unit are possible.

If a Unitholder or an iShares Fund purchases securities of an iShares Fund or an iShares ETF at a time when the market price of a security is at a premium to the NAV per security or sells securities of an iShares Fund or an iShares ETF at a time when the market price of a security is at a discount to the NAV per security, the Unitholder or the iShares Fund may sustain a loss.

Cease Trading of Portfolio Investments Risk

The individual portfolio investments of an iShares Fund may be cease-traded by order of a securities regulatory authority, other relevant regulator or exchange, or governmental entity. It is also possible for all or a large portion of the portfolio investments of an iShares Fund or iShares ETF to be subject to a market-wide trading halt or “circuit breakers” or other market closures. In certain circumstances, if portfolio investments of an iShares Fund are cease-traded or if normal trading of portfolio investments is suspended, the applicable iShares Fund may suspend the right to redeem or exchange Units or suspend or postpone the payment of exchange or redemption proceeds. In addition, an iShares Fund or iShares ETF could suspend exchanges and/or redemptions and/or payment of exchange or redemption proceeds with prior regulatory approval.

If the right to redeem or exchange Units is suspended, the applicable iShares Fund may return redemption or exchange requests to Unitholders who have submitted them. If portfolio investments of an iShares Fund are cease-traded, they may not be delivered on an exchange of a Prescribed Number of Units for a Basket until such time as the cease-trade order is lifted.

Halted Trading of Units Risk

Trading of Units of an iShares Fund may be halted on the relevant exchanges, including due to the activation of individual or market-wide “circuit breakers”. Circuit breakers are measures designed to ease the effect of market shocks by halting trading for a specified period of time when the price of a particular security or overall market prices increase or decrease past a predetermined threshold. Trading of Units may also be halted by order of a securities regulatory authority (or the Exchange) under various circumstances, including if such authority determines that doing so would be in the best interests of investors.

If normal trading of Units is suspended on the relevant exchange, or if for any reason it is likely there will be no closing price for Units, the applicable iShares Fund may suspend the right to redeem or exchange Units, subject to prior regulatory approval as may be required, until such a time as trading of the Units is no longer halted or trading otherwise normalizes. If the right to redeem or exchange Units is suspended, the applicable iShares Fund may return redemption or exchange requests to Unitholders who have submitted them.

Significant Investor Risk

A significant proportion of the Units of an iShares Fund may be held by a single investor, including by BlackRock Canada or its affiliates, or another iShares ETF or another fund or account managed by BlackRock Canada or its affiliates. As the Units are traded on an exchange or marketplace, an iShares Fund may not know who the beneficial owners of its Units are. If a significant investor were to buy or sell a substantial portion of Units of an iShares Fund, the market value of those Units might temporarily decline or increase, as the case may be, resulting in the Units being bought or sold at a discount or premium to the NAV per Unit of the iShares Fund. However, given that Dealers may subscribe for, and Unitholders and Dealers may exchange, the Prescribed Number of Units of an iShares Fund at the NAV per Unit, BlackRock Canada believes that, under normal market conditions, large premiums or discounts to the NAV per Unit of an iShares Fund should not be sustained. If a Unitholder purchases Units of an iShares Fund at a time when the market price of a Unit is at a premium to the NAV per Unit or sells Units of an iShares Fund at a time when the market price of a Unit is at discount to the NAV per Unit, the Unitholder may sustain a loss.

Legal and Regulatory Risk

There can be no assurance that securities and other laws in Canada or in foreign jurisdictions where the iShares Funds invest will not be changed or administered in a manner that adversely affects an iShares Fund, an iShares Fund's portfolio investments, Dealers and other market makers or trading counterparties, or Unitholders.

In addition, the investment decisions for the iShares Funds may, at times, be restricted as a result of aggregation limits. For example, with respect to certain industries and markets, corporate and/or regulatory requirements may limit the aggregate amount of investment in certain issuers by iShares Funds and other funds and client accounts managed by BlackRock Canada and its affiliates. Exceeding these limits without reporting or the grant of a license, exemption or other corporate or regulatory consent may result in fines or other adverse consequences to BlackRock Canada, its affiliates and/or the iShares Funds. As a consequence of these limits, the ability of an iShares Fund to achieve its investment objectives may be affected. BlackRock Canada, in order to avoid exceeding these limits may, among other actions, limit purchases, seek to invest through the use of derivatives, sell existing investments and/or transfer, outsource or limit voting rights of securities held by the iShares Funds.

Taxation of the iShares Funds Risk

There can be no assurance that changes will not be made to the tax rules affecting the taxation of an iShares Fund or an iShares Fund's investments, or in the administration of such tax rules.

There can be no assurance that the CRA or other relevant tax authority will agree with the tax treatment adopted by the iShares Funds in respect of any particular transaction.

If any of the iShares Funds does not qualify as a "mutual fund trust" under the Tax Act or ceases to so qualify, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects. For example, an iShares Fund that does not qualify as a mutual fund trust under the Tax Act will be treated as a "financial institution" for purposes of certain special mark-to-market rules in the Tax Act if more than 50% of the fair market value of the iShares Fund are held by one or more Unitholders that are themselves considered to be financial institutions under those rules. In such a case, the iShares Fund will be required to recognize on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds at the end of each taxation year and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in the amounts distributed to Unitholders. Each time an iShares Fund becomes or ceases to be a financial institution in accordance with the mark-to-market rules, the taxation year of the iShares Fund will be deemed to end immediately before that time, and gains or losses accrued on certain securities before that time will be deemed realized by the iShares Fund and will be distributed to Unitholders. A new taxation year for the iShares Fund will then begin, and for that and subsequent taxation years, for so long as not more than 50% of the Units of the iShares Fund are held by financial institutions, or the iShares Fund is a mutual fund trust for purposes of the Tax Act, the iShares Fund will not be subject to the mark-to-market rules. As the Units are expected to be publicly-traded on an exchange and/or marketplace, an iShares Fund may not know with certainty who the owners of its Units are, or may have difficulty ascertaining the number of Units owned by any particular beneficial Unitholder, at any given point in time. Accordingly, there will be circumstances in which it will not be possible to control or may be difficult to identify whether an iShares Fund has, or has ceased to, become a "financial institution". In addition, financial institutions such as Dealers and other market makers may hold Units of an iShares Fund for their own account and/or in connection with their market making activities. As a result, there can be no assurance that an iShares Fund that is not a mutual fund trust is not a "financial institution" or will not in the future become, or cease to be, a "financial institution" and no assurance as to when and to whom any distributions arising on the change in "financial institution" status of an iShares Fund will be made, or that the iShares Fund will not be required to pay tax on any undistributed income or taxable capital gains realized by the iShares Fund on such event. This may result in additional or adverse tax consequences to an iShares Fund's Unitholders.

Under the SIFT Rules, trusts or partnerships (defined as "**SIFT trusts**" or "**SIFT partnerships**", respectively), the securities of which are listed or traded on a stock exchange or other public market and that hold one or more "non-portfolio properties" (as defined in section 122.1 of the Tax Act), are effectively taxed on income and capital gains in

respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation.

The SIFT Rules could affect an iShares Fund and its Unitholders to the extent that an issuer of securities held by such iShares Fund, or to which an iShares Fund has economic exposure, is a SIFT trust or SIFT partnership to which the SIFT Rules apply. In addition, the SIFT Rules could affect an iShares Fund and its Unitholders to the extent that the iShares Fund is itself a SIFT trust to which the SIFT Rules apply, and the iShares Fund earns income from non-portfolio property or taxable capital gains from the disposition of “non-portfolio property”, or holds derivative instruments held in its portfolio or any other property in the course of carrying on a business in Canada. If an iShares Fund is considered to be a SIFT trust, “non portfolio earnings” of such iShares Fund will be subject to the tax under the SIFT Rules when such amounts are distributed by such iShares Fund to Unitholders and such distributions will be treated in the hands of Unitholders as eligible dividends from a taxable Canadian corporation.

If any transactions of the iShares Fund, including currency hedges, are reported on capital account but subsequently determined to be on income account, the net income of the iShares Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

Rules in the Tax Act that apply to “loss restriction events” (as defined in the Tax Act) of certain trusts (the “**LRE Rules**”) may have an impact on an iShares Fund in certain circumstances. Generally, the iShares Fund will have a “loss restriction event” if any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires Units of the iShares Fund having a fair market value that is greater than 50% of the fair market value of all the Units of the iShares Fund. Upon the occurrence of a “loss restriction event”, the iShares Fund will have a deemed tax year end resulting generally in a short taxation year, any undistributed income and realized capital gains (net of any applicable losses) would be expected to be made payable as a distribution on the Units held by Unitholders of record of the iShares Fund on the record date for such distribution (which generally would be expected to be the last Trading Day in such short taxation year) and the iShares Fund would be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the “loss restriction event”. Trusts that qualify as “investment funds” as defined in the LRE Rules are exempt from such adverse consequences. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. If an iShares ETF were not to qualify as an “investment fund”, it could potentially have a “loss restriction event” and thereby become subject to the related tax consequences described above.

If an iShares Fund realizes capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a Unitholder, allocation of fund-level capital gains may be permitted pursuant to the iShares Fund’s Trust Document. Pursuant to recent amendments to the Tax Act (the “**ATR Rule**”), the maximum amount the iShares Fund will be able to deduct in a taxation year on account of capital gains allocated to Unitholders on an exchange or redemption of Units is an amount determined by a formula (the “**Capital Gains Designation Limit**”) which is based on (i) the amount of capital gains designated to Unitholders on an exchange or redemption of Units in the taxation year, (ii) the total amount paid for exchanges or redemptions of the Units in the taxation year, (iii) the iShares Fund’s NAV at the end of the taxation year and the end of the previous taxation year, and (iv) the iShares Fund’s net taxable capital gains for the taxation year.

Security Risk

Some of the geographic areas in which the iShares Funds invest have experienced acts of terrorism or strained international relations due to territorial disputes, historical animosities or other defense concerns. These situations may cause uncertainty in the markets of such geographic areas and may adversely affect their economies.

Developed Countries Investments Risk

Investment in a developed country may subject certain iShares Funds to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries generally tend to rely on services sectors (e.g., the financial services sector) as the primary means of economic growth. A prolonged slowdown in services sectors is likely to have a negative impact on economies of certain developed countries, although individual developed country economies can be impacted by slowdowns in other sectors. In the past, certain developed countries have been targets of terrorism, and some geographic areas in which the iShares Fund invests have experienced strained international relations due to territorial disputes, historical animosities, defense concerns and other security concerns. These situations may cause uncertainty in the financial markets and adversely affect the performance of the issuers to which certain iShares Funds have exposure. Heavy regulation of certain markets, including labour and product markets, may have an adverse effect on certain issuers. Such regulations may negatively affect economic growth or cause prolonged periods of recession. Many developed countries are heavily indebted and face rising healthcare and retirement expenses. In addition, price fluctuations of certain commodities and regulations impacting the import of commodities may negatively affect developed country economies.

Infectious Illness Risk

A widespread outbreak of an infectious illness, such as the COVID-19 pandemic, may adversely affect the economies of many nations and the global economy and may impact individual issuers and capital markets in ways that cannot be foreseen.

An infectious illness outbreak may result in travel restrictions, closed international borders, disruption of healthcare services, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, temporary and permanent closures of businesses, layoffs, defaults and other significant economic, social and political impacts, as well as general concern and uncertainty.

An infectious illness outbreak may result in extreme volatility, severe losses, credit deterioration of issuers, and disruptions in markets, which could adversely impact an iShares Fund and its investments, including impairing any hedging activity.

Certain local markets may be subject to closures. Any suspension of trading in markets in which an iShares Fund invests will have an impact on the iShares Fund and its investments and will impact the iShares Fund's ability to purchase or sell securities in such markets. Market or economic disruptions could result in elevated tracking error and increased premiums or discounts to an iShares Fund's NAV. Additionally, an outbreak could impair the operations of an iShares Fund's service providers, including BFA, which could adversely impact the iShares Fund.

Governmental and quasi-governmental authorities and regulators throughout the world may respond to an outbreak and any resulting economic disruptions with a variety of fiscal and monetary policy changes, including direct capital infusions into companies and other issuers, new monetary policy tools, and changes in interest rates. A reversal of these policies, or the ineffectiveness of such policies, is likely to increase market volatility, which could adversely affect an iShares Fund's investments.

An outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally, which could adversely affect an iShares Fund and its investments and could result in increased premiums or discounts to the iShares Fund's NAV.

Cyber Security Risk

A cyber-attack or a failure to implement effective information and cyber security policies, procedures and capabilities could disrupt the operations of BlackRock and its affiliates, the iShares Funds, Dealers, the service providers to the iShares Funds and the trading venues on which the iShares Funds rely. This could cause financial losses to the iShares Funds. These attacks and disruptions may result in the inability of a Unitholder or prospective investor to transact business with an iShares Fund, the inability of an iShares Fund to process transactions, the inability of an iShares Fund to calculate its NAV and violations of applicable privacy and other laws, rules and regulations.

BlackRock and its affiliates, including BlackRock Canada, are dependent on the effectiveness of the information and cyber security policies, procedures and capabilities it maintains to protect its computer and telecommunications systems and the data that reside on or are transmitted through them, including data related to the iShares Funds. An externally caused information security incident, such as a hacker attack, virus, phishing scam or the unauthorized access to and misappropriating of digital systems or data, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations of BlackRock Canada, its affiliates and/or the iShares Funds or cause disclosure or modification of sensitive or confidential client or competitive information. While BlackRock Canada and its affiliates have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks in respect of their operations and the operations of the iShares Funds, there are inherent limitations in such plans and systems due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for.

BlackRock has been the target of attempted cyber-attacks, as well as the co-opting of its brand to create fraudulent websites, and must continuously monitor and develop its systems to protect its technology infrastructure and data from misappropriation or corruption, as the failure to do so could disrupt BlackRock's operations and cause financial losses. In addition, due to BlackRock's reliance or interconnectivity with third parties (including, but not limited to, Dealers, sub-advisers, registrar and transfer agents, custodians, administrators, derivative counterparties and other financial intermediaries), central agents, exchanges, clearing houses and other financial institutions in connection with its operation and the operation of the iShares Funds, BlackRock and its affiliates, including BlackRock Canada, and the iShares Funds may be adversely affected if any of them are subject to a successful cyber-attack or other information security event. Any information security incident or cyber-attack against BlackRock Canada or third parties whom it relies upon or with whom it is connected could result in material financial loss, loss of competitive position, regulatory fines and/or sanctions, breach of client contracts, reputational harm, additional compliance costs related to corrective measures, legal liability or other compensatory costs, which, in turn, may cause financial losses to BlackRock Canada and the iShares Funds.

Cybersecurity risks may also impact issuers of securities in which an iShares Fund invests, which may cause the iShares Fund's investments in such issuers to lose value.

Risks Related to the Absence of an Active Market for the Units and Lack of Operating History

The iShares Funds are newly organized ETFs with no previous operating history. Although the iShares Funds will be listed on the TSX there can be no assurance that an active public market for the Units of these iShares Funds will develop or be sustained.

Operational Risk

The iShares Funds are exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the iShares Funds' Dealers, service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. The iShares Funds, BlackRock Canada, and its affiliates seek to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address those risks.

Reliance on the Manager and/or Sub-Adviser Risk

Unitholders will be dependent on the ability of BlackRock Canada, BTC and their affiliates, which provide investment sub-advisory services and other services to the iShares Funds, to effectively manage the iShares Funds in a manner consistent with the investment objectives, strategies and restrictions of the iShares Funds. There is no certainty that the individuals who are principally responsible for providing such administration and portfolio management services or investment sub-advisory services to the iShares Funds will continue to be employed by BlackRock.

BTC is resident outside Canada and all or a substantial portion of its assets may be situated outside Canada. As a result, the applicable iShares Fund may find it difficult to enforce legal rights against BTC.

Voting of Portfolio Investments Risk

Unitholders of the iShares Funds will not have any right to exercise any voting rights that apply to securities held directly or indirectly by the iShares Fund, while they would have the right to vote if they owned the securities directly.

Credit Risk

Certain iShares Funds may, directly or indirectly, be subject to credit risk. Credit risk is the risk that the issuer of a fixed income security or preferred shares will default by failing to make interest payments or pay back the principal amount. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk, while securities issued by less well-established companies or governments of emerging markets tend to have higher credit risk. Issuers with more volatile or uncertain revenue will tend to have higher credit risk than issuers with more stable revenue, and companies with smaller market capitalizations may be less creditworthy than larger companies. The credit risk of an issuer will also be affected by its overall level of indebtedness relative to its revenues. Changes in the market's assessment of the credit risk of an issuer will generally affect the price of that issuer's securities, even if no default occurs. Securities with higher credit risk tend to be more volatile than securities with lower credit risk.

While securities issued in domestic currency by the Government of Canada or the United States Treasury are generally considered to carry minimal risk of default, the credit risk associated with such securities could increase in the future.

Certain iShares Funds may invest in asset-backed securities. Payment of principal and interest on asset-backed securities may be largely dependent upon the cash flows generated by the assets backing the securities and asset-backed securities may not have the benefit of any security interest in the related assets. Defaults on the underlying assets of the asset-backed securities may impair the value of the securities and there may be limitations on the enforceability of any security interest granted with respect to those assets.

When BlackRock Canada and/or its affiliates are analyzing bonds, notes and other debt-related investments for an iShares Fund, they may consider credit ratings. A credit rating generally reflects an assessment by the rating's provider of the relative credit risk of an investment compared to other investments rated by the provider. Credit rating agencies, including designated rating organizations (each, a "**Rating Agency**"), may rate specific investments (e.g., bonds), issuers (e.g., corporations, governments and financial institutions) and/or programs (e.g., commercial paper programs). Certain types of investments generally are not rated by Rating Agencies, such as certain government/sovereign obligations and/or certain government agency securities, commercial paper, time deposits at financial institutions, and derivative instruments such as credit default swaps. For those types of investments, as well as U.S. Treasury securities (some of which are not rated), where a Rating Agency has not rated the specific investment but has rated the investment's issuer, program, financial institution or underlying reference asset, BlackRock Canada and/or its affiliates typically consider the investment to have the same Rating Agency rating as its issuer, program, financial institution or underlying reference asset, as appropriate.

New issue securities (regardless of type) rarely are rated by a Rating Agency at the time of their initial offering. Preliminary prospectuses or term sheets for new issue securities often include an expected rating for the security (as

determined by the underwriter and/or issuer) or a Rating Agency rating for the issuer of the security. If applicable, when deciding whether to purchase a new issue security that has not yet been rated by a Rating Agency, BlackRock Canada and/or its affiliates typically will attribute an expected rating to the security based on: (i) the expected rating of the security set forth in the preliminary prospectus or term sheet for the security; (ii) the Rating Agency's rating for the issuer of the security set forth in the preliminary prospectus or term sheet for the security; or (iii) with respect to asset-backed securities, the rating of a prior issuance.

Credit ratings are subject to change and do not reflect all of the risks associated with an investment.

As a result of the Canadian bail-in debt conversion regime, an iShares Fund that normally holds certain debt of a domestic systemically important bank (“**D-SIB**”) may, in certain circumstances, hold resulting securities of a different type and quality for a period of time which may not be of the type and quality in which such iShares Fund would normally invest. If the Office of the Superintendent of Financial Institutions is of the opinion that a D-SIB has ceased, or is about to cease, to be viable, the Canada Deposit Insurance Corporation may, in certain circumstances, take temporary control or ownership of the D-SIB and convert all or a portion of the D-SIB's bail-in debt into common shares of the D-SIB. Bail-in debt generally includes all unsubordinated unsecured debt of a D-SIB that is tradeable and transferable with an original term to maturity of over 400 days, subject to exclusions. As a domestic systemically important financial institution, the Desjardins Group is subject to a similar bail-in regime.

Debt Instruments Risk

Certain iShares Funds may invest, directly or indirectly, in debt instruments, including corporate bonds. The value of debt instruments will be affected by changes in the general level of interest and inflation rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. Debt securities with a longer term to maturity are generally more sensitive to changes in interest rates than securities with a shorter term to maturity and may be more volatile as a result. The NAV and NAV per Unit of an iShares Fund will fluctuate with interest rate changes, as well as other factors such as changes to maturities and the credit ratings of debt instruments or issuers, and the corresponding changes in the value of the debt securities held, directly or indirectly, by the iShares Funds.

Distributions on the Units of certain iShares Funds will generally depend upon the ongoing payment of coupon interest on underlying debt investments and there can be no assurance that debt instruments will continue to pay coupon interest (or coupon interest at positive interest rates), or that the interest payments will be in an amount sufficient to offset an iShares Fund's fees and expenses. Generally, where an iShares Fund does not have net income to distribute it may not pay a cash distribution.

Some additional risks associated with investments in debt instruments include:

- *Call Risk:* Certain iShares Funds may invest, directly or indirectly, in callable securities. During periods of falling interest rates, an issuer of a callable security may “call” or repay a security before its stated maturity, which may result in an iShares Fund having to reinvest the proceeds at lower interest rates, resulting in a decline in its income.
- *Prepayment Risk.* During periods of falling interest rates, issuers of certain debt obligations may repay principal prior to the security's maturity, which may cause certain iShares Funds or iShares ETFs to have to reinvest in securities with lower yields or higher risk of default, resulting in a decline in certain iShares Funds or iShares ETFs income or return potential.
- *Extension Risk:* During periods of rising interest rates, certain debt instruments will be paid off substantially more slowly than originally anticipated and the value of those securities may fall sharply, resulting in a decline in the

income of certain iShares Funds or iShares ETFs and potentially in the value of the investments of certain iShares Funds or iShares ETFs.

- *Credit Risk:* The value of the debt instruments held, directly or indirectly, by certain iShares Funds will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Therefore, changes in an issuer's financial strength or in an instrument's or issuer's credit rating may affect an instrument's value and, thus, affect the performance of an iShares Fund. More information about credit risk can be found under "**Risk Factors – Risks Relating to an Investment in Specific iShares Funds – Credit Risk**".
- *Inflation Risk:* It is possible that the value of fixed income securities, which generally pay a fixed par value upon maturity could depreciate as the level of inflation rises in the market where the security was issued. Inflation rates are generally measured by the government and are reported as the Consumer Price Index ("CPI"). During times of higher and rising rates of the CPI, investors may demand higher interest rates, which can lead to a fall in the value of fixed income securities.
- *Liquidity Risk:* Debt instruments typically trade in over-the-counter markets, which can reduce market transparency and hinder price discovery. Liquidity in over-the-counter markets is generally supplied by bond dealers or other intermediaries. These features of the market for debt instruments can lead to a significant reduction in liquidity during periods of market stress.
- *Issuer Risk:* The performance of certain iShares Funds depends on the performance of individual securities to which such iShares Funds have exposure. Certain iShares Funds may be adversely affected if an issuer of underlying securities held by such iShares Funds is unable or unwilling to repay principal or interest when due. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, expiration of patent protection, disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, credit deterioration of the issuer or other factors. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

Income Risk

An iShares Fund's income may decline if interest rates fall. This decline in income can occur because the iShares Fund may subsequently invest in lower-yielding securities as securities in its portfolio mature, (are near maturity or are called,) or the iShares Fund otherwise needs to purchase additional securities.

Floating Rate Securities Risk.

Securities with floating or variable interest rates can be less sensitive to interest rate changes than securities with fixed interest rates, but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. A decline in interest rates may result in a reduction in income received from floating rate securities held by certain iShares Funds and may adversely affect the value of such iShares Funds' units. Generally, floating rate securities carry lower yields than fixed securities of the same maturity. The interest rate for a floating rate security resets or adjusts periodically by reference to a benchmark interest rate. The impact of interest rate changes on floating rate investments is typically mitigated by the periodic interest rate reset of the investments. Securities with longer durations tend to be more sensitive to interest rate changes, usually making them more volatile than securities with shorter durations. Floating rate securities generally are subject to legal or contractual restrictions on resale, may trade infrequently, and their value

may be impaired when certain iShares Funds need to liquidate such loans. Benchmark interest rates may not accurately track market interest rates.

Emerging Markets Risk

Investments in emerging markets may be subject to a greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, currency devaluations, lower trading volume, higher levels of inflation, political and economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments than typically found in developed markets. Certain emerging markets countries have experienced economic recessions causing a negative effect on the economies and securities markets of such emerging countries. Risks of investments in emerging markets include:

- *Custody Risk:* The risks in the process of clearing and settling trades and to the holding of securities by local banks, agents and depositories. Low trading volumes and volatile prices in less-developed markets make trades harder to complete and settle, and governments or trade groups may compel local agents to hold securities in designated depositories that are not subject to independent evaluation. Local agents are held only to the standards of care in their local markets. The less developed a country's securities market is, the greater the likelihood of custody problems.
- *Reliance on Trading Partners Risk:* Economies in emerging market countries generally are heavily dependent upon commodity prices and international trade and, accordingly, may be affected adversely by the economies of their trading partners, trade barriers, exchange controls, managed adjustments in relative currency values, and may suffer from extreme and volatile debt burdens or inflation rates. Trading partners' economies may be affected by such factors as over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, economic recessions, fluctuating exports or imports, changes in governmental regulations on trade and changes in exchange rates.
- *Security Risk:* Some geographic areas in which certain iShares Funds invest, directly or indirectly, have experienced security concerns, such as acts of terrorism or strained international relations due to territorial disputes, historical animosities or other defense concerns. These situations may cause uncertainty in the markets of these geographic areas and may adversely affect the performance of their economies.
- *Structural Risks:* Certain emerging market countries are subject to a considerable degree of economic, political and social instability.
- *Economic Risk:* Some emerging market countries have experienced economic instability, including instability resulting from substantial rates of inflation or significant devaluations of their currency, or economic recessions, which would have a negative effect on the economies and securities markets of their economies. Some of these countries may also impose restrictions on the exchange or export of currency or adverse currency exchange rates and may be characterized by a lack of, or restrictions upon, available currency hedging instruments.
- *Political and Social Risk:* Some governments in emerging market countries are authoritarian in nature or have been installed or removed as a result of military coups, and some governments have periodically used force to suppress civil dissent. Disparities of wealth, the pace and success of democratization, and ethnic, religious and racial disaffection, have also led to social unrest, violence and/or labour unrest in some emerging market

countries. Unanticipated political or social developments may result in sudden and significant investment losses, including on investments in sovereign debt issued by emerging market governments.

- *Expropriation Risk:* Investing in emerging market countries involves a great risk of loss due to expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and repatriation of capital invested by certain emerging market countries.

European and U.K. Investments Risk

Investing in European countries may expose certain iShares Funds to the economic and political risks associated with Europe in general and the specific European countries in which they may invest. The economies and markets of European countries are often closely connected and interdependent, and events in one European country can have an adverse impact on other European countries. Certain iShares Funds may make investments in securities of issuers that are domiciled in, have significant operations in, or that are listed on at least one securities exchange within member states of the European Union (the “EU”). A number of countries within the EU are also members of the Economic and Monetary Union (the “Eurozone”) and have adopted the euro as their currency. Eurozone membership requires member states to comply with restrictions on inflation rates, deficits, interest rates, debt levels, and fiscal and monetary controls, each of which may significantly affect every country in Europe. Changes in import or export tariffs, changes in governmental or EU regulations on trade, changes in the exchange rate of the euro and other currencies of certain EU countries which are not in the Eurozone, the default or threat of default by an EU member state on its sovereign debt, and/or an economic recession in an EU member state may have a significant adverse effect on the economies of other EU member states and their trading partners. Although certain European countries are not in the Eurozone, many of these countries are obliged to meet the criteria for joining the Eurozone. Consequently, these countries must comply with many of the restrictions noted above.

The European financial markets have experienced volatility and adverse trends due to concerns about economic downturns, rising government debt levels and the possible default of government debt in several European countries, including but not limited to, Austria, Belgium, Cyprus, France, Greece, Ireland, Italy, Portugal, Spain and Ukraine. In order to prevent further economic deterioration, certain countries, without prior warning, can institute “capital controls”. Countries may use these controls to restrict volatile movements of capital entering and exiting their country. Such controls may negatively affect an iShares Fund’s investments. A default or debt restructuring by any European country would adversely impact holders of that country’s debt and sellers of credit default swaps linked to that country’s creditworthiness, which may be located in countries other than those listed above. In addition, the credit ratings of certain European countries were downgraded in the past. These events have adversely affected the value and exchange rate of the euro and may continue to significantly affect the economies of every country in Europe, including countries that do not use the euro and non-EU member states. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not produce the desired results, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and other entities of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching, and could adversely impact the value of an iShares Fund’s investments in the region.

Certain European countries have also developed increasingly strained relationships with the U.S., and if these relations were to worsen, they could adversely affect European issuers that rely on the U.S. for trade. Secessionist movements, such as the Catalan movement in Spain as well as governmental or other responses to such movements, may also create instability and uncertainty in the region. In addition, the national politics of countries in the EU have been unpredictable and subject to influence by disruptive political groups and ideologies. The governments of EU countries may be subject to change and such countries may experience social and political unrest. Unanticipated or sudden political or social developments may result in sudden and significant investment losses. The occurrence of terrorist incidents throughout Europe could also impact financial markets. The impact of these events is not clear but could be significant and far-reaching and could adversely affect the value and liquidity of an iShares Fund’s investments.

Certain iShares Funds invest in U.K. investments. Investments in U.K. instruments or issuers may subject certain iShares Funds to regulatory, political, currency, security, and economic risks specific to the U.K. The U.K. left the EU (“**Brexit**”) on January 31, 2020, subject to a transition period that ended December 31, 2020. The U.K. and EU have reached an agreement on the terms of their future trading relationship effective January 1, 2021, which principally relates to the trading of goods rather than services, including financial services. Further discussions are to be held between the U.K. and the EU in relation to matters not covered by the trade agreement, such as financial services. Certain iShares Funds will face risks associated with the uncertainty and potential consequences that may follow Brexit, including with respect to volatility in exchange rates and interest rates. The U.K. and the EU may be less stable than they have been in recent years, and investments in the U.K. and the EU may be difficult to value, or subject to greater or more frequent volatility. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions, regulatory agencies and financial markets. Brexit has also led to legal uncertainty and could lead to politically divergent national laws and regulations as a new relationship between the U.K. and EU is defined and the U.K. determines which EU laws to replace or replicate. The political, economic and legal consequences of Brexit are not yet known. In addition, the U.K. must negotiate the terms of their future trading relationships with non-EU trading partners. The terms of such trading relationships remains uncertain. The outcome of such negotiations may give rise to significant uncertainties and instability in the financial markets of the U.K. Any of these effects of Brexit could adversely affect any of the companies to which an iShares Fund has exposure and any other assets in which an iShares Fund invests. The U.K.’s economy relies heavily on the export of financial services to the U.S. and other European countries. A prolonged slowdown in the financial services sector may have a negative impact on the U.K.’s economy. In the past, the U.K. has been a target of terrorism. Acts of terrorism in the U.K. or against the U.K.’s interests may cause uncertainty in the U.K.’s financial markets and adversely affect the performance of the issuers to which certain iShares Funds have exposure. Secessionist movements, such as the independence movement in Scotland, may have an adverse effect on the U.K. economy.

High Yield Securities Risk

Certain iShares Funds may invest in or have exposure to high yield securities that are, at the time of purchase, rated below investment grade (or, as applicable, are determined by BlackRock Canada or an affiliate to be of similar quality). High yield securities risk is the risk that securities that are rated below investment grade (commonly referred to as “junk bonds,” which include those bonds rated lower than “BBB-” by Standard and Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and by Fitch Rating Service Inc., or “Baa3” by Moody’s Investor’s Services, Inc.), or, as applicable, are determined by BlackRock Canada or an affiliate to be of similar quality to securities so rated, at the time of purchase, may be more volatile than higher-quality securities of similar maturity.

High yield securities may also be subject to greater levels of credit or default risk than higher-quality securities. Where applicable, the markets on which high yield securities are traded may be less liquid than the markets for higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, or to value than higher-quality securities.

In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able to make scheduled payments of interest and principal than more financially stable firms. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets. An iShares Fund may, in certain circumstances, as a result of a restructuring or corporate action of an issuer of high yield securities in which an iShares Fund is invested, hold resulting securities of a different type and quality for a period of time which may not be of the type and quality in which such iShares Fund would normally invest.

Inflation-Indexed Bonds Investments Risk

Certain iShares Funds invest in inflation-indexed bonds. Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these

securities (calculated with respect to a smaller principal amount) will be reduced. Changes in levels of inflation may affect the value of such iShares Funds because the value of inflation-indexed bonds is directly affected by designated measurements of inflation. The value of inflation-indexed bonds tends to increase when inflation increases and tends to decrease when inflation decreases. This is the case even if the general level of interest rates is unchanged. The principal value of an investment in such iShares Funds is not protected or otherwise guaranteed by virtue of such iShares Funds' investments in inflation-indexed bonds. In addition, because of the inflation adjustment feature, inflation-indexed bonds typically have lower yields than conventional fixed-rate bonds.

Asset-Backed Securities Risk and Mortgage-Backed Securities Risk

Asset-Backed Securities (“**ABS**”) and Mortgage-Backed Securities (“**MBS**”) (residential and commercial) represent interests in “pools” of mortgages or other assets, including consumer loans or receivables held in trust. Although ABS generally experience less prepayment risk than residential mortgage-backed securities, MBS and ABS, like traditional fixed-income securities, are subject to credit, interest rate, call, extension, valuation and liquidity risk. Prepayment risk is the risk that, during periods of falling interest rates, an issuer of mortgages and other fixed-income securities may be able to repay principal prior to the security's maturity. This may cause an iShares Fund to have to reinvest in securities with a lower yield or higher risk of default, resulting in a decline in such iShares Fund's income or return potential. Extension risk is the risk that when interest rates rise, certain ABS or MBS will be paid off substantially more slowly than originally anticipated and the value of those securities may fall sharply, resulting in a decline in income and potentially in the value of the investment. Because of prepayment, call and extension risk, ABS and MBS react differently to changes in interest rates than other bonds. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain ABS and MBS.

ABS and MBS may not be backed by the full faith and credit of the U.S. government and are subject to risk of default on the underlying mortgage or asset, particularly during periods of economic downturn.

MBS may be either pass-through securities or Collateralized Mortgage Obligations (“**CMOs**”). Pass-through securities represent a right to receive principal and interest payments collected on a pool of mortgages, which are passed through to security holders. CMOs are created by dividing the principal and interest payments collected on a pool of mortgages into several revenue streams (tranches) with different priority rights to portions of the underlying mortgage payments. Certain CMO tranches may represent a right to receive interest only, principal only or an amount that remains after floating-rate tranches are paid (an inverse floater). These securities are frequently referred to as “mortgage derivatives” and may be extremely sensitive to changes in interest rates. Interest rates on inverse floaters, for example, vary inversely with a short-term floating rate (which may be reset periodically). Interest rates on inverse floaters will decrease when short-term rates increase, and will increase when short-term rates decrease. These securities have the effect of providing a degree of investment leverage. In response to changes in market interest rates or other market conditions, the value of an inverse floater may increase or decrease at a multiple of the increase or decrease in the value of the underlying securities. If an iShares Fund invests in CMO tranches (including CMO tranches issued by government agencies) and interest rates move in a manner not anticipated by the iShares Fund management, it is possible that the iShares Fund could lose all or substantially all of its investment.

In response to the financial crisis that began in 2008, the Federal Reserve System attempted to keep mortgage rates low by acting as a buyer of mortgage-backed assets. This support has ended. As a result, mortgage rates may rise and values of MBS and ABS may fall.

Certain iShares Funds invest in securities backed by pools of mortgages issued or guaranteed by the U.S. government or one of its agencies or sponsored entities, including Fannie Mae, Freddie Mac, Federal Home Loan Banks (“**FHLB**”), Tennessee Valley Authority (“**TVA**”), or Ginnie Mae. While securities guaranteed by Ginnie Mae are backed by the full faith and credit of the U.S. government, securities issued by Fannie Mae, Freddie Mac, FHLB and TVA are not backed by the full faith and credit of the U.S. government, and there can be no assurance that the U.S. government would provide financial support to its agencies or sponsored entities where it is not obligated to do so. Bonds or debentures that do not carry the backing of the full faith and credit of the U.S. government are subject to more credit risk than securities that are supported by the full faith and credit of the U.S. government. To the extent that the U.S. government has provided support to a U.S. agency or sponsored entity in the past, there can be no

assurance that the U.S. government will provide support in the future if it is not obligated to do so. If a U.S. government agency or sponsored entity that is the issuer of securities in which an iShares Fund invests is unable to meet its obligations or ceases to exist and no plan is made for repayment of securities, the performance of such iShares Fund will be adversely affected.

Certain iShares Funds seek to obtain exposure to the fixed-rate portion of U.S. agency mortgage-pass through securities primarily through “to be announced” or “TBA” securities or TBA transactions. TBAs refer to a commonly used mechanism for the forward settlement of U.S. agency MBS, and not to a separate type of MBS. Default or bankruptcy of a counterparty to a TBA transaction would expose such iShares Funds to possible losses because of adverse market action, expenses or delays in connection with the purchase or sale of the pools of mortgage pass-through securities specified in the TBA transaction.

Commercial Mortgage-Backed Securities Risk.

CMBS are not backed by the full faith and credit of the U.S. government, there can be no assurance that the U.S. government would provide financial support to its agencies or instrumentalities where it is not obligated to do so, and are subject to risk of default on the underlying mortgages, particularly during periods of economic downturn. The CMBS in which an iShares Fund invests may be issued by entities, such as banks, mortgage lenders or other institutions. CMBS issued by non-government entities may offer higher yields than those issued by government entities, but also may be subject to greater volatility than government issues. CMBS are subject to a greater degree of prepayment and extension risk than many other forms of fixed-income securities and therefore react differently to changes in interest rates than other bonds, and the prices of CMBS may reflect adverse economic and market conditions. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain CMBS. Certain CMBS are issued in several classes with different levels of yield and credit protection. An iShares Fund’s investments in CMBS with several classes may be in the lower classes that have greater risks than the higher classes, including greater interest rate, credit, prepayment and extension risks.

CMBS depend on cash flows generated by underlying commercial real-estate loans, receivables or other assets, and can be significantly affected by changes in interest rates, the availability of information concerning the underlying assets and their structure, and the creditworthiness of the originators of the underlying assets.

In addition, the value of CMBS may be adversely affected by regulatory or tax changes. CMBS issued by non-government entities may offer higher yields than those issued by government entities, but also may be subject to greater volatility than government issues. In the recent past, the market for CMBS has experienced volatility and reduced liquidity.

Money Market Instruments Risk.

The value of money market instruments may be affected by changing interest rates and by changes in the credit ratings of the investments. If a significant amount of an iShares Fund’s assets are invested in money market instruments, it will be more difficult for the iShares Fund to achieve its investment objective. An investment in a money market fund is not insured or guaranteed by the Canada Deposit Insurance Corporation, Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money by investing in a money market fund.

Collateralized Debt Obligations Risk.

In addition to the typical risks associated with fixed-income securities and asset-backed securities, CDOs, including collateralized loan obligations, carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the risk that the collateral may default or decline in value or be downgraded, if rated by a nationally recognized statistical rating organization; (iii) an iShares Fund may invest in tranches of CDOs that are subordinate to other tranches; (iv) the structure and complexity of the transaction and the legal documents could lead to disputes among investors regarding the characterization of proceeds; (v) the investment return achieved by an iShares Fund could be significantly different than those predicted

by financial models; (vi) the lack of a readily available secondary market for CDOs; (vii) the risk of forced “fire sale” liquidation due to technical defaults such as coverage test failures; and (viii) the CDO’s manager may perform poorly.

Municipal Securities Risk.

Municipal securities include both general obligation bonds (bonds secured by the full faith and credit of the issuer) and limited obligation bonds (or “**Revenue Bonds**”). All municipal securities are subject to the risk that litigation, legislation or other political events, local business or economic conditions, credit rating downgrades, or the bankruptcy of the issuer could have a significant effect on an issuer’s ability to make payments of principal and/or interest or otherwise affect the value of such securities. Additionally, certain municipal securities may be issued by entities with limited taxing authority, which could limit or prevent tax increases necessary to make continued payments of principal and interest.

Municipal securities can be significantly affected by political or economic changes, including changes made in the law after issuance of the securities, as well as uncertainties in the municipal market related to taxation, legislative changes or the rights of municipal security holders, including in connection with an issuer insolvency. There is also the risk that corruption may negatively affect municipal issuers, including corruption related to a particular project from which payments on a security are derived, resulting in delays and cost overruns.

There may be less publicly available information on the financial condition of municipal security issuers than for issuers of other securities. As a result, municipal securities may be more difficult for an iShares Fund to value accurately than the securities of public companies. Municipal securities may also be harder to buy and sell compared to taxable bonds and non-municipal securities, especially on short notice. Because certain iShares Funds invest a significant portion of its portfolio in municipal securities, such iShares Funds’ portfolio is subject to greater exposure to illiquidity risk than a fund that invests in comparable taxable bonds or non-municipal securities.

Certain iShares Funds, BlackRock Canada and its affiliates will rely on the opinion of issuers’ bond counsel on the tax-exempt status of interest on municipal bonds. None of the iShares Funds, BlackRock Canada or its affiliates will independently review the bases for those tax opinions, which may ultimately be determined to be incorrect, potentially resulting in certain iShares Funds and its unitholders being subject to substantial tax liabilities. In addition, changes in the financial condition of an individual municipal issuer can affect the overall municipal market.

Revenue Bonds are backed by current or anticipated revenues from a specific project or specific assets and can be negatively affected by the discontinuance of the tax benefits supporting the project or assets or the inability to collect revenues from the project or the assets. Additionally, the market values of Revenue Bonds may decline in times of higher inflation to the extent that revenues are fixed income streams. In other instances, the prices that an issuer is able to charge users of its assets may be linked to inflation, whether by government regulation, contractual arrangement or other factors. Rising interest rates could result in higher costs of capital for certain issuers, which could negatively impact their ability to meet payment obligations. In this case, changes in the rate of inflation may affect the issuer’s revenues. Because many municipal securities are issued to finance projects, such as those related to education, health care, housing, transportation, utilities, and water and sewer, conditions in one or more of these sectors can affect the overall municipal market. Adverse conditions and developments affecting a particular project can result in lower revenues to an issuer of the municipal securities and, by extension, adversely affect payments of principal and interest on, or the market value of, such securities.

Additionally, certain municipal securities are issued by entities dependent on revenue from a particular sector and thus are subject to the specific risks associated with that sector.

Corporate Loans Risk.

Commercial banks and other financial institutions or institutional investors make corporate loans to companies that need capital to grow or restructure. Borrowers generally pay interest on corporate loans at rates that change in response to changes in market interest rates such as LIBOR or the prime rates of U.S. banks. As a result, the value of corporate loan investments is generally less exposed to the adverse effects of shifts in market interest rates than investments that

pay a fixed rate of interest. However, because the trading market for certain corporate loans may be less developed than the secondary market for bonds and notes, an iShares Fund may experience difficulties in selling its corporate loans. Transactions in corporate loans may settle on a delayed basis. As a result, the proceeds from the sale of corporate loans may not be readily available to make additional investments. To the extent the extended settlement process gives rise to short-term liquidity needs, an iShares Fund may hold additional cash, sell investments or temporarily borrow from banks and other lenders. Leading financial institutions often act as agent for a broader group of lenders, generally referred to as a syndicate. The syndicate's agent arranges the corporate loans, holds collateral and accepts payments of principal and interest. If the agent develops financial problems, an iShares Fund may not recover its investment or recovery may be delayed. By investing in a corporate loan, an iShares Fund may become a member of the syndicate.

The market for corporate loans may be subject to irregular trading activity and wide bid/ask spreads.

The corporate loans in which an iShares Fund invests are subject to the risk of loss of principal and income. Although borrowers frequently provide collateral to secure repayment of these obligations they do not always do so. If they do provide collateral, the value of the collateral may not completely cover the borrower's obligations at the time of a default. If a borrower files for protection from its creditors under the applicable bankruptcy laws, these laws may limit an iShares Fund's rights to its collateral. In addition, the value of collateral may erode during a bankruptcy case. In the event of a bankruptcy, the holder of a corporate loan may not recover its principal, may experience a long delay in recovering its investment and may not receive interest during the delay.

High Portfolio Turnover Risk.

Participation in TBA transactions may significantly increase an iShares Fund's portfolio turnover rate and may cause the iShares Fund to pay higher capital gain distributions to Unitholders (which may be taxable) than other funds that do not participate in TBA transactions. An iShares Fund may engage in active and frequent trading of its portfolio securities. High portfolio turnover (considered by the Fund to mean higher than 100% annually) may result in increased transaction costs to the iShares Fund, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of the securities and on reinvestment in other securities. The sale of the iShares Fund's portfolio securities may result in the realization and/or distribution to shareholders of higher capital gains or losses as compared to a fund with less active trading policies, such as a passive fund. Given the frequency of sales, in any given year, all or a substantial portion of such gain or loss may be short-term capital gain or loss and, in the event of either net short-term or long-term realized gain, would increase an investor's tax liability unless shares are held through a tax-deferred or exempt vehicle. These effects of higher than normal portfolio turnover may adversely affect an iShares Fund's performance.

Preferred Equity Investments Risk

Unlike interest payments on debt securities, dividend payments on preferred shares typically must be declared by the issuer's board of directors. An issuer's board of directors is generally not under any obligation to pay dividends (even if such dividends have accrued), and may suspend payment of dividends on preferred shares at any time. In the event an issuer of preferred shares experiences economic difficulties, the issuer's preferred shares may lose substantial value due to the reduced likelihood that the issuer's board of directors will declare a dividend and the fact that the preferred shares may be subordinated to other securities of the same issuer. Certain additional risks associated with preferred shares could adversely affect investments in an iShares Fund:

- *Default Risk:* There is a chance that any issuer of preferred shares held directly or indirectly by the iShares Fund will have its ability to pay dividends deteriorate or will default (fail to make scheduled dividend payments on the preferred shares or scheduled interest payments on other obligations of the issuer not held by the iShares Fund), which would negatively affect the value of any such holding.
- *Interest Rate Risk:* Because many preferred shares pay dividends at a fixed rate, their market price can be sensitive to changes in interest rates in a manner similar to bonds – that is, as interest rates rise, the value of the preferred shares held directly or indirectly by the iShares Fund is likely to decline. To the extent that an

iShares Fund invests, directly or indirectly, a substantial portion of its assets in fixed rate preferred shares, rising interest rates may cause the value of the iShares Fund's investments to decline significantly.

- *Call Risk:* An issuer of a callable security may “call” or repay a preferred security before its stated maturity, which may result in an iShares Fund having to reinvest the proceeds at lower interest rates, resulting in a decline in its income.
- *Issuer Risk:* Because many preferred shares allow holders to convert preferred shares into common shares of the issuer, their market price can be sensitive to changes in the value of the issuer's common shares. To the extent that an iShares Fund invests, directly or indirectly, a substantial portion of its assets in convertible preferred shares, declining common share values may also cause the value of the iShares Fund's investments to decline.

Reference Rate Transition Risk

Certain iShares Funds' investments may be exposed to financial instruments that are tied to the London Interbank Offered Rate (“**LIBOR**”) to determine payment obligations, financing terms, hedging strategies or investment value. These iShares Funds' investments may pay interest at floating rates based on LIBOR or may be subject to interest caps or floors based on LIBOR. These iShares Funds may also obtain financing at floating rates based on LIBOR. Derivative instruments utilized by these iShares Funds may also reference LIBOR. An iShares Fund may have investments linked to other interbank offered rates, such as the Euro Overnight Index Average (“**EONIA**”) or the Canadian Dollar Offered Rate (“**CDOR**”), which may also cease, or have already ceased, to be published.

As part of the phase-out of the use of LIBOR, the rate's administrator, ICE Benchmark Administration Limited (“**IBA**”), discontinued two USD LIBOR settings immediately after publication on December 31, 2021. The United Kingdom's Financial Conduct Authority (the “**FCA**”) which regulates LIBOR, and IBA also confirmed that the USD LIBOR panel ended on June 30, 2023. While the FCA, which regulates LIBOR, is requiring the IBA to continue to publish the 1-, 3- and 6-month US dollar LIBOR settings for a short period after June 30, 2023 using the “synthetic” methodology (which is not based on panel bank contributions and is not intended to be representative of the interest rates in the underlying market) they intend that publication of the 1-, 3- and 6-month synthetic US dollar LIBOR settings will cease on September 30, 2024. Further, the 1- and 6-month synthetic sterling LIBOR settings ceased after March 31, 2023, and the 3-month synthetic sterling LIBOR setting ceased after March 28, 2024.

Various financial industry groups have been involved in the transition away from LIBOR, but there have been challenges to converting certain securities and transactions to a new benchmark reference rate. In June 2017, the Alternative Reference Rates Committee, which includes various private-market participants working with the Federal Reserve, announced its selection of the new Secured Overnight Financing Rate (“**SOFR**”), which is intended to be a broad measure of secured overnight U.S. Treasury repo rates, as its recommendation for an appropriate replacement for USD LIBOR. The Federal Reserve Bank of New York began publishing SOFR in 2018, and it has been used increasingly in new instruments and transactions. On December 16, 2022, in an effort to prevent the termination or interruption of contracts tied to LIBOR, the Federal Reserve Board adopted a rule that identifies the benchmark rates based on SOFR to replace LIBOR after June 30, 2023. However, the applicability of the rule is limited to certain financial contracts. At times, SOFR has proven to be more volatile than the 3-month USD LIBOR. Working groups and regulators in other countries have suggested other alternatives for their markets, including the Sterling Overnight Interbank Average Rate (“**SONIA**”) in the United Kingdom, the Euro Short Term Rate (“**€STR**”) in the European Union, and the Canadian Overnight Repo Rate Average (“**CORRA**”) in Canada.

Neither the effect of the LIBOR transition process nor its ultimate success can yet be known, nor can the effect of any changes on an iShares Fund. The transition process might lead to increased volatility and illiquidity in markets for, and reduce the effectiveness of, new hedges placed against, instruments whose terms currently include LIBOR. While some existing LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, there may be significant uncertainty regarding the effectiveness of any such alternative methodologies to replicate LIBOR. Not all existing LIBOR-based instruments may have alternative rate-setting provisions and there remains uncertainty regarding the willingness and ability of issuers to add

alternative rate-setting provisions in certain existing instruments. Global regulators have advised market participants to cease entering into new contracts using LIBOR as a reference rate, and it is possible that investments in LIBOR-based instruments could invite regulatory scrutiny. In addition, a liquid market for newly issued instruments that use a reference rate other than LIBOR still may be developing. Instruments with fallback provisions (i.e., contractual provisions specifying the trigger events for a transition to a replacement rate) to facilitate the transition from LIBOR to an alternative reference rate may also include adjustments that do not adequately compensate the holder for the different characteristics of the alternative reference rate. As a result, a fallback provision may cause a value transfer from one party to the instrument to the counterparty. Because the usefulness of LIBOR as a benchmark could decline during the transition period, these and related adverse effects could occur with respect to particular LIBOR settings as they are phased out. There may also be challenges for an iShares Fund to enter into hedging transactions against such newly issued instruments until a market for such hedging transactions develops.

Additionally, an iShares Fund's investments may also be tied to other interbank offered rates and currencies, which may face similar issues. In many cases, if an instrument falls back to an alternative reference rate, including SOFR, the alternative reference rate will not perform the same as LIBOR because the alternative reference rate does not include a credit-sensitive component in the rate calculation. Alternative reference rates generally reflect the performance of the market for U.S. Treasury securities, which are secured by the U.S. Treasury, and not the interbank lending markets.

In the event of a credit crisis, floating rate instruments using certain alternative reference rates could perform differently than those instruments using a rate indexed to the interbank lending market. In addition, legislation may affect the transition of LIBOR-based instruments by permitting trustees and calculation agents to transition instruments with no LIBOR transition language to an alternative reference rate selected by such agents. Such legislation, which has been enacted in some jurisdictions, generally includes safe harbours from liability, meaning that an iShares Fund may have limited recourse if the alternative reference rate does not fully compensate the iShares Fund for the transition of an instrument from LIBOR. All of the aforementioned may adversely affect an iShares Fund's performance or NAV.

Transitions from other existing benchmark reference rates, such as EONIA or CDOR, may be subject to risks similar to those which may occur in the transition from LIBOR, as discussed above. EONIA ceased to be published on January 3, 2022 and was replaced by €STR in the European Union. CDOR was developed as the basis for pricing bankers' acceptance-related credit facilities and has served as the primary interest rate benchmark in Canada. On May 16, 2022, the administrator of CDOR announced that it would cease the calculation and publication of all tenors of CDOR after June 28, 2024. CORRA has been identified as an alternative rate by the Canadian Alternative Reference Rate working group, which has established a plan for the transition of Canadian dollar-denominated derivatives, securities, loans and other securitized products from CDOR to CORRA, which is being carried out in two phases. As part of the first phase, 1- and 3-month term CORRA benchmarks were made available in September, 2023, and most derivative products were expected to shift from CDOR to CORRA by June 30, 2023. All remaining products transitioned from CDOR to CORRA by the end of the second phase on June 28, 2024, and with the cessation of CDOR after that date, it is expected that there will be very limited or no further issuances of bankers' acceptances taking place. No synthetic CDOR rate will be made available or be published after the cessation of CDOR. This transition away from bankers' acceptances may present certain challenges, and the success and effect of this transition and the transition from CDOR to CORRA remains unknown. An iShares Fund may have difficulty identifying a suitable replacement for bankers' acceptances, and regulatory and market changes may cause further difficulties as they develop. The ultimate effect on the iShares Funds remains unknown.

U.S. Agency Debt Risk

Unsecured bonds or debentures issued by the U.S. government or one of its agencies or sponsored entities help finance U.S. governmental policies and public missions, but may be backed only by the general creditworthiness and reputation of the U.S. government agency or government sponsored entity and not the full faith and credit of the U.S. government. For example, debt issued by Fannie Mae, Freddie Mac, and the Federal Home Loan Banks provides financing, credit, and/or liquidity to the housing and mortgage markets, and is not backed by the full faith and credit of the U.S. government. In addition, debt issued by the Tennessee Valley Authority, which provides electricity

generation and flood control in parts of the Southeast region of the U.S., and the Federal Farm Credit Banks, which provide credit and related services to the agricultural sector, is not backed by the full faith and credit of the U.S. government. Ginnie Mae securities and certain foreign government debt issuances guaranteed by the U.S. government, including certain issuances by Iraq and Israel, are backed by the full faith and credit of the U.S. government.

Bonds or debentures that do not carry the backing of the full faith and credit of the U.S. government are subject to more credit risk than securities that are supported by the full faith and credit of the U.S. government. If a U.S. government agency or sponsored entity that is the issuer of securities in which the Fund invests is unable to meet its obligations or ceases to exist and no plan is made for repayment of securities, the performance of the iShares Fund will be adversely affected. There can be no assurance that the U.S. government would provide financial support to any of these U.S. governmental agencies or sponsored entities if it is not obligated to do so. In 2008, Fannie Mae and Freddie Mac were placed under the conservatorship of the U.S. government, which provided financial support to the U.S. government-sponsored entities. However, there can be no assurance that such past U.S. government support will result in support in the future.

Any actual or potential disruption to a U.S. government agency or sponsored entity, or the financial condition or credit of the U.S. government, could cause the value of U.S. agency debt to decline.

U.S. Investments Risk

Certain iShares Funds may have significant exposure to U.S. issuers. Decreasing imports or exports, changes in trade regulations and/or an economic recession in the U.S. may have a material adverse effect on the U.S. economy and U.S. securities. Policy and legislative changes in the U.S. are changing many aspects of financial and other regulation and may have a significant effect on the U.S. markets generally, as well as the value of certain securities. In addition, a continued rise in the U.S. public debt level or U.S. austerity measures may adversely affect U.S. economic growth and the securities to which an iShares Fund may have exposure.

The U.S. has developed increasingly strained relations with a number of foreign countries, including traditional allies, such as certain European countries, and historical adversaries, such as North Korea, Iran, China and Russia. If these relations were to worsen, it could adversely affect U.S. issuers as well as non-U.S. issuers that rely on the U.S. for trade. The U.S. has also experienced increased internal unrest and discord. If this trend were to continue, it may have an adverse impact on the U.S. economy.

U.S. Treasury Obligations Risk

U.S. Treasury obligations may differ from other securities in their interest rates, maturities, times of issuance and other characteristics. Similar to other issuers, changes to the financial condition or credit rating of the U.S. government may cause the value of certain iShares Funds' U.S. Treasury obligations to decline. On August 5, 2011, S&P Global Ratings downgraded U.S. Treasury securities from AAA rating to AA+ rating. A further downgrade of the ratings of U.S. government debt obligations, which are often used as a benchmark for other borrowing arrangements, could result in higher interest rates for individual and corporate borrowers, cause disruptions in the international bond markets and have a substantial negative effect on the U.S. economy. A downgrade of U.S. Treasury securities from another ratings agency or a further downgrade below AA+ rating by S&P Global Ratings may cause the value of an iShares Fund's U.S. Treasury obligations to decline.

Risks Relating to an Investment in Specific iShares Funds

Currency Hedging Strategies Risk

Certain iShares Funds will seek to hedge some or all of their exposure to foreign currencies by engaging in a Currency Hedging Strategy. While hedging may reduce or eliminate losses, it can also reduce or eliminate gains. There is no assurance that the Currency Hedging Strategy will be effective.

The effectiveness of an iShares Fund’s Currency Hedging Strategy will in general be affected by the volatility of the base currency of the iShares Fund relative to the currencies to be hedged and the volatility of the portfolio investments to be hedged. Increased volatility will generally reduce the effectiveness of an iShares Fund’s Currency Hedging Strategy.

Investing on a currency-hedged basis can increase the overall volatility of the investment relative to investing on a non-hedged basis. This can occur where the relationship between the foreign-currency value of the foreign investment and the value of the foreign currency (measured in Canadian dollars) is negatively correlated.

The effectiveness of an iShares Fund’s Currency Hedging Strategy will in general be affected by interest rates. Significant differences between Canadian dollar interest rates and foreign currency interest rates may affect the effectiveness of the Currency Hedging Strategy employed by an iShares Fund or a class of an iShares Fund.

USD Units Risk

Certain iShares Funds offer USD Units. Except with respect to Management Fee Distributions which will be paid in Canadian dollars, a Unitholder of USD Units will generally receive any cash amount to which the Unitholder is entitled in connection with distributions, exchanges or redemptions in U.S. dollars, and such cash amounts may cause the Unitholder to be exposed to fluctuations in the exchange rate between the U.S. dollar and any other currency in which the Unitholder generally operates. For a given iShares Fund, the performance of the USD Units (measured in U.S. dollars), will generally be different from the performance of CAD Units (measured in Canadian dollars). In addition, because any cash distributions, exchange proceeds or redemption proceeds will be delivered in U.S. dollars, the Unitholder may be required to open or maintain an account that can accept transactions denominated in U.S. dollars. Financial institutions, including banks and brokerage firms, may apply foreign currency conversion charges to handle transactions denominated in U.S. dollars. The ability to purchase USD Units is offered only as a convenience for investors and does not act as a currency hedge between the Canadian dollar and U.S. dollar. Although the USD Units are expected to be listed on the TSX, there can be no assurance that an active public market for the USD Units of these iShares Funds will develop or be sustained.

INVESTMENT RISK CLASSIFICATION METHODOLOGY

BlackRock Canada assigns an investment risk level to each iShares Fund as an additional guide to help investors decide whether an iShares Fund is right for them. The investment risk level of each iShares Fund, as disclosed in its ETF Facts, is required to be determined in accordance with a standardized risk classification methodology that is based on the iShares Fund’s historical volatility as measured by the 10-year standard deviation of the returns of the iShares Fund.

The investment risk level assigned to an iShares Fund is based on the standard deviation ranges set out in NI 81-102 and reproduced below:

Standard Deviation Range	Investment Risk Level
0 to less than 6	Low
6 to less than 11	Low to Medium
11 to less than 16	Medium
16 to less than 20	Medium to High
20 or greater	High

As the iShares Funds have less than 10 years of performance history, each iShares Fund’s risk classification is based on the return of a reference index. The reference index and a description of the reference index for each iShares Fund is set out below.

iShares Fund	Reference Index	Reference Index Description
XFLI	ICE BofA 1-5 Year US High Yield Constrained Index	The index tracks the performance of short-term U.S. dollar denominated below investment grade corporate debt publicly issued and settled in the U.S. domestic market.
XFLX	ICE BofA 1-5 Year US High Yield Constrained Index – CAD-Hedged	The index tracks the performance of short-term U.S. dollar denominated below investment grade corporate debt publicly issued and settled in the U.S. domestic market. The index hedges U.S. Dollar back to Canadian dollar.

An iShares Fund’s investment risk level is subject to change. There may be times when BlackRock Canada believes that the investment risk level of an iShares Fund, as disclosed in the applicable ETF Facts, is no longer reasonable in the circumstances. As a result, BlackRock Canada may increase the investment risk level of an iShares Fund, as appropriate.

A copy of the standardized risk methodology used by BlackRock Canada to identify the investment risk levels of the iShares Funds is available on request, at no cost, by calling 1-866-474-2737 or by emailing iSharesCanada_inquiries@blackrock.com.

DISTRIBUTION POLICY

The current expected frequency of cash distributions of each iShares Fund is described in the applicable ETF profile under the heading “**ETF Profiles**”. BlackRock Canada may, in its complete discretion, change the frequency or timing of these cash distributions. Cash distributions paid by the iShares Funds may potentially be composed of ordinary income (including interest income), dividends, other income, capital gains and return of capital. Certain sources of non-cash income, such as inflation adjustments earned on real-return or inflation-indexed bonds, may be distributed as reinvested distributions.

It is intended that in each taxation year of an iShares Fund, any net income and net realized capital gains (as computed under the Tax Act) of the iShares Fund will be paid or made payable to such an extent that the iShares Fund will not be liable for ordinary income tax thereon. See “**Income Tax Considerations**”.

Capital Gains

While capital gains distributions will generally be paid in the form of reinvested distributions, they may also be paid in cash. Capital gains distributions, if any, are expected to be made on an annual basis.

Return of Capital

Cash distributions paid by any iShares Fund may also consist of return of capital. See “**Income Tax Considerations – Taxation of Unitholders – Distributions**”.

Reinvested Distributions

To the extent that a class of any iShares Fund has not otherwise distributed the full amount of the net income or net realized capital gains in any taxation year allocated to that class, the difference between such amount and the amount actually distributed by the iShares Fund will be paid to Unitholders of that class as a “reinvested distribution”. Reinvested distributions (if any) will generally be automatically reinvested in additional Units of the same class of the applicable iShares Fund at a price equal to the NAV per Unit of that class of the applicable iShares Fund and the Units of that class of such iShares Fund will be immediately consolidated such that the number of outstanding Units of that

class of such iShares Fund following the distribution will equal the number of Units of the applicable class of the applicable iShares Fund outstanding prior to the distribution. These reinvested distributions may be subject to withholding tax if paid to a Unitholder who is not a resident of Canada for purposes of the Tax Act.

Except with respect to Management Fee Distributions which will be paid in Canadian dollars, cash distributions on Units of iShares Funds will be made in the currency in which the Units of the iShares Funds are denominated.

OPTIONAL PLAN

BlackRock Canada offers the optional plan described below in connection with the iShares Funds.

Distribution Reinvestment Plan

At any time, a Unitholder may elect to participate in the iShares Funds' distribution reinvestment plan (the "DRIP") by contacting the CDS Participant through which the Unitholder holds its Units. Under the DRIP, cash distributions will be used to acquire additional Units (commission free to the Unitholder) of the same iShares Fund and class ("Plan Units") by purchasing them at market price on an exchange, which Units will be credited to the account of the Unitholder's broker through CDS.

Fractional Units under the Plan

No fractional Plan Units will be delivered under the Plan. Payment in cash for any remaining uninvested funds will be made in lieu of delivering fractional Plan Units by the Plan Agent to CDS or a CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the account of the Unitholder participating in the Plan via the applicable CDS Participant.

Amendments, Suspensions or Termination of the Plan

A Unitholder may withdraw from a Plan by providing notice to the CDS Participant through which the Unitholder holds Units. The Unitholder must provide such notice to the CDS Participant sufficiently in advance of the applicable distribution record date in respect of the next expected distribution in which the Unitholder does not wish to participate. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Unitholder exercising its rights to terminate participation in the Plan.

BlackRock Canada is permitted to terminate the Plan, in its sole discretion, upon not less than 30 days' notice to Unitholders participating in the Plan and to the Plan Agent, subject to any required regulatory approval. BlackRock Canada is also permitted to amend, modify or suspend the Plan at any time in its sole discretion, provided that it complies with certain requirements, gives notice of that amendment, modification or suspension to Unitholders participating in the Plan and to the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner BlackRock Canada determines to be appropriate.

BlackRock Canada may from time to time adopt rules and regulations to facilitate the administration of the Plan. BlackRock Canada reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

Other Provisions of the Plan

Participation in the Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than "Canadian partnerships" as defined in the Tax Act) are not eligible to participate in the Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Unitholder shall notify its CDS Participant and terminate participation in the Plan immediately.

Each taxation year a participant in the Plan will be provided prescribed tax information that will be delivered within the statutory deadline under the Tax Act which will contain information necessary to enable such participant to complete an income tax return with respect to amounts paid or payable by an iShares Fund to the participant in the preceding taxation year. The automatic reinvestment of distributions under a DRIP will not relieve Unitholders from any income tax applicable to such distributions. See “**Income Tax Considerations**”.

PURCHASE OF UNITS

Initial Investment in the iShares Funds

In compliance with NI 81-102, the iShares Funds will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received and accepted by the iShares Funds from investors other than persons or companies related to BlackRock Canada or its affiliates.

BlackRock Canada or its affiliates may, in their discretion, (a) purchase in the secondary market from one or more Dealer(s), all or substantially all of the “seed capital” Units of an iShares Funds subscribed for by such Dealer(s) in connection with the launch of such iShares Funds; and (b) dispose of any such Units at such times and in such amounts as they may determine from time to time. See “**Risk Factors - General Risks Relating to an Investment in the iShares Funds - Significant Investor Risk**”.

Continuous Distribution

Units of the iShares Funds (subsequent to the initial investment as it relates to the iShares Funds) are issued and sold on a continuous basis. There is no maximum number of Units that may be issued.

Designated Broker Agreements

BlackRock Canada, on behalf of each of the iShares Funds, has entered into a Designated Broker Agreement with one or more Dealers pursuant to which the Dealer agrees to perform certain duties relating to the iShares Funds which may include (i) subscribing for a sufficient number of Units to satisfy the Exchange’s original listing requirements; (ii) subscribing for Units on an ongoing basis in connection with portfolio transactions and when cash redemptions of Units occur as described under “**Exchange and Redemption of Units**”; and (iii) posting a liquid two-way market for the trading of Units on the Exchange. BlackRock Canada, on behalf of each of the iShares Funds, may enter into Designated Broker Agreements with additional Dealers in the future.

Issuance of Units

All orders to purchase Units directly from the iShares Funds must be placed by Dealers. The iShares Funds reserve the absolute right to reject any subscription order placed by a Dealer, in whole or in part, so long as the rejection of the subscription order is made no later than one business day after receipt by the iShares Fund of the order and that, upon rejection of the order, all cash received with the order is refunded immediately.

No fees will be payable by an iShares Fund to a Dealer in connection with the issuance of Units. On the issuance of Units, BlackRock Canada may, at its discretion, charge an administrative fee to a Dealer to offset any expenses incurred in issuing the Units, which is payable to the iShares Fund.

On any Trading Day, a Dealer may place a subscription order in the form and at the location prescribed by BlackRock Canada from time to time for the Prescribed Number of Units or for an integral multiple of the Prescribed Number of Units of the iShares Funds. The Prescribed Number of Units will be made available by BlackRock Canada to Dealers, and BlackRock Canada may, at its discretion, increase or decrease the Prescribed Number of Units.

For a subscription order to be considered to be received and effective on a Trading Day, the subscription order must be received by the applicable iShares Fund at or before the cut-off time set out in the table below or such other time as BlackRock Canada may determine from time to time.

iShares Fund	Subscription Order Cut-off Time
XFLI, XFLI.U, and XFLX	4:00 p.m. on a Trading Day

If the subscription order is received by the applicable cut-off time and is accepted by the applicable iShares Fund, the iShares Fund generally will issue to the Dealer the Prescribed Number of Units (or an integral multiple thereof) within one Trading Day after the effective Trading Day for the subscription, or otherwise stated by BlackRock Canada, provided that payment for such Units has been received. The iShares Funds must receive payment for the Units subscribed for within one Trading Day following the effective Trading Day for the subscription.

Unless BlackRock Canada shall otherwise agree or the Trust Document shall otherwise provide, as payment for a Prescribed Number of Units of any iShares Fund, a Dealer must deliver subscription proceeds consisting of one Basket and cash in an amount sufficient so that the value of the Basket and cash delivered is equal to the NAV per Unit multiplied by the Prescribed Number of Units of the applicable iShares Fund next determined on the effective Trading Day for the subscription order. BlackRock Canada may, at its discretion, adjust the Basket in accordance with the investment objective or strategies of the iShares Fund.

BlackRock Canada may, in its complete discretion, instead accept subscription proceeds consisting of: (i) cash in an amount equal to the NAV of the Prescribed Number of Units of the applicable iShares Fund next determined on the effective Trading Day for the subscription order, plus, if applicable, the Creation Transaction Fee; or (ii) a combination of securities and cash, as determined by BlackRock Canada, in an amount sufficient so that the value of the securities and cash received is equal to the NAV per Unit multiplied by the Prescribed Number of Units of the applicable iShares Fund next determined on the effective Trading Day for the subscription order, plus, if applicable, the Creation Transaction Fee in respect of the component of the payment that is comprised of cash or certain securities.

The applicable Creation Transaction Fee for each iShares Fund will be specified from time to time at the discretion of BlackRock Canada and will be made available upon request on each Trading Day to Dealers.

In addition to the issuance of Units as described above, Units may also be issued by the iShares Fund to Unitholders on the automatic reinvestment of distributions as described under “**Distribution Policy**”, and “**Income Tax Considerations – Taxation of Unitholders – Distributions**”.

Buying and Selling Units

The TSX has conditionally approved the listing of Units of the iShares Funds subject to fulfillment by the iShares Funds of all of the requirements of the TSX, including distribution of a minimum number of Units of the iShares Funds by August 28, 2025. Once the Units are listed on the TSX, Units of the iShares Funds will be offered on a continuous basis.

Investors may purchase or sell Units of the iShares Funds on the Exchange through a registered broker or dealer in the province or territory where the investor resides. Accordingly, investors may trade Units in the same way as other securities listed on the Exchange, including by using market orders and limit orders. Investors may incur customary brokerage commissions when buying or selling Units on the Exchange.

Registration and Transfer through CDS

Units of the iShares Funds may only be held through the book-entry only system administered by CDS. Unitholders in the iShares Funds will not have the right to receive certificates for Units. CDS is the owner of record for all Units of each iShares Fund. Unitholders owning Units are beneficial owners as shown on the records of CDS or CDS

Participants. The iShares Funds allow Unitholders to exchange or redeem Units but in order to exercise this right, a Unitholder must rely on the procedures of CDS and CDS Participants. See “**Exchange and Redemption of Units**” for important details.

In addition, all other rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation.

Neither the iShares Funds nor BlackRock Canada will have any liability for: (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The iShares Funds have the option to terminate registration of the Units through the systems administered by CDS in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

Non-Resident Unitholders

In order for an iShares Fund to qualify and/or maintain its status as a “mutual fund trust” for the purposes of the Tax Act, except in certain circumstances, the iShares Fund cannot be established or maintained primarily for the benefit of non-residents of Canada, partnerships that are not “Canadian partnerships” as defined in the Tax Act, or a combination thereof. No iShares Fund will accept any subscription for Units from any person or non-Canadian partnership, issue any Units to any person or non-Canadian partnership, or register or otherwise recognize the transfer of any Units to any person or non-Canadian partnership if prior to such subscription, issuance or transfer, BlackRock Canada determines that, after giving effect thereto, the percentage of Units beneficially owned, directly or indirectly, by persons who are non-residents of Canada, non-Canadian partnerships, or a combination thereof, would be more than 40% of the Units of an iShares Fund, or such other limit determined in the discretion of BlackRock Canada in respect of certain iShares Funds.

The Trust Document includes a mechanism to permit BlackRock Canada, on behalf of the iShares Fund, to sell Units held by non-resident persons when their holdings result in contravention of this restriction.

Notwithstanding the foregoing, BlackRock Canada may determine not to take any of the actions described above if BlackRock Canada has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the iShares Fund as a “mutual fund trust” for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the iShares Fund as a “mutual fund trust” for purposes of the Tax Act. The Units of the iShares Funds are not designed for, or intended to be held by, non-residents of Canada.

The Units have not been and will not be registered under the 1933 Act or under the securities laws of any State. Subject to certain exceptions, the Units may not be offered or sold in the United States or offered or sold to U.S. persons (as such term is defined in the 1933 Act). The iShares Funds have not been and will not be registered under the U.S. Investment Company Act. BlackRock Canada has not been registered under the U.S. Investment Advisers Act of 1940.

Special Considerations for Unitholders

The provisions of the “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the iShares Funds. In addition, based upon exemptive relief granted by Canadian securities regulatory authorities, a Unitholder may acquire more than 20% of the Units of a class of any iShares Fund through purchases on the Exchange without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that the Unitholder, as well as any person acting jointly or in concert with the Unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of a class of that iShares Fund.

Market participants are permitted to sell Units of any iShares Fund short and at any price without regard to the restrictions in the Universal Market Integrity Rules applicable to trading on the Exchange that generally prohibit selling securities short unless the price is at or above the last sale price.

Units of the iShares Funds may be “mark-to-market property” for purposes of the “mark-to-market” rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually on income account any accrued gains and losses on securities that are “mark-to-market property”.

EXCHANGE AND REDEMPTION OF UNITS

Exchange of Units at NAV per Unit for Baskets and/or Cash

Unitholders of the iShares Funds may exchange the Prescribed Number of Units (or an integral multiple thereof) of any iShares Fund on any Trading Day for Baskets and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. For an exchange request to be considered to be received and effective on a Trading Day, an exchange request must be submitted in the form and at the location prescribed by BlackRock Canada from time to time at or before the cut-off time set out in the table below or such other time as BlackRock Canada may determine from time to time.

iShares Fund	Exchange Request Cut-off Time
XFLI, XFLI.U, and XFLX	4:00 p.m. on a Trading Day

The exchange price will be equal to the NAV per Unit multiplied by the Prescribed Number of Units tendered for redemption next determined on the effective Trading Day for the exchange request, payable by delivery of Baskets and/or cash. The Units will be redeemed in the exchange. BlackRock Canada will make available to Dealers (and to others on request) the Prescribed Number of Units and Basket for each iShares Fund. BlackRock Canada may, at its discretion, increase or decrease the Prescribed Number of Units from time to time and adjust the Basket in accordance with the investment objectives and strategies of the iShares Fund. In the event of an exchange of Units of an iShares Fund that uses a Sampling Strategy implemented in excess of the amount of the integral multiple of Prescribed Number of Units specified by BlackRock Canada at the time of such exchange, BlackRock Canada, in its discretion, may elect to make payment of the amount *in specie* by delivery of a *pro rata* portion of the aggregate amount of each of the securities held by the iShares Fund (or the amount referable to the relevant class of the iShares Fund, as applicable), or such other amounts of such securities in such principal amounts as BlackRock shall determine, in an amount sufficient so that the value of the securities and cash delivered is equal to the NAV per Unit multiplied by the Prescribed Number of Units of the applicable iShares Fund next determined on the effective Trading Day for the exchange request.

Upon the request of a Unitholder and subject to the consent of BlackRock Canada, BlackRock Canada may satisfy an exchange request by the delivery of: (i) cash only in an amount equal to the NAV of the Prescribed Number of Units of the applicable iShares Fund next determined on the effective Trading Day for the exchange request; or (ii) a combination of securities and cash, as determined by BlackRock Canada, in an amount sufficient so that the value of the securities and cash delivered is equal to the NAV per Unit multiplied by the Prescribed Number of Units of the

applicable iShares Fund next determined on the effective Trading Day for the exchange request, provided in either case that the Unitholder agrees to pay, if applicable, the Exchange Transaction Fee in respect of the component of the exchange price that is comprised of cash or certain securities.

The applicable Exchange Transaction Fee for each iShares Fund will be specified from time to time at the discretion of BlackRock Canada and will be made available upon request on each Trading Day to Dealers and Unitholders.

If an exchange request is not received by an iShares Fund at or before the applicable cut-off time set out above (or otherwise set by BlackRock Canada in its discretion) for an exchange request to be considered received and effective on a Trading Day, the exchange request will be considered to be received and effective only on the next Trading Day. Settlement of exchanges for Baskets and cash generally will be made by the first Trading Day following the effective Trading Day for the exchange request, or as otherwise stated by BlackRock Canada, provided that Units to be redeemed have been received.

If securities of any iShares ETFs or other issuers in which an iShares Fund has invested are cease-traded at any time by order of a securities regulatory authority or other relevant regulator or Exchange, the delivery of the Baskets to a Unitholder on an exchange in the Prescribed Number of Units may be postponed until such time as the transfer of the Baskets is permitted by law.

Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units of an iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the Exchange on the effective Trading Day for the redemption. However, a cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable iShares Fund. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the Exchange through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a Unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the Exchange.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form and to the location prescribed by BlackRock Canada from time to time must be received by the iShares Fund by 9:00 a.m. on that Trading Day or such other time as BlackRock Canada may determine from time to time. If a cash redemption request is not received by such time, the cash redemption request will be effective on the next Trading Day. Payment of the redemption price will generally be made on the first Trading Day following the effective Trading Day for the redemption.

Unitholders that have delivered a cash redemption request prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the cash redemption of Units, an iShares Fund may dispose of securities or other portfolio assets.

Suspension of Exchanges and Redemptions

An iShares Fund is only required to offer exchanges and redemptions on a Trading Day. In addition, the exchange or redemption of Units and/or the payment of exchange or redemption proceeds may be suspended or postponed by any iShares Fund provided that such suspension or postponement complies with Canadian securities legislation and the Trust Document.

Generally, NI 81-102 provides that an iShares Fund may suspend the right of Unitholders to exchange or redeem securities, and/or the payment of the exchange or redemption proceeds, for the whole or any part of a period during which normal trading is suspended on a stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and posted for trading (or on which specified derivatives are traded), if those

securities (or specified derivatives) represent more than 50% by value, or underlying market exposure, of the total assets of the iShares Fund without allowance for liabilities and if those securities (or specified derivatives) are not traded on any other exchange that represents a reasonably practical alternative for the iShares Fund. An iShares Fund may also request permission of the securities regulatory authorities to suspend exchanges or redemptions or payment of exchange or redemption proceeds.

To the extent not inconsistent with Canadian securities legislation and any applicable approval of the securities regulatory authorities, any declaration of suspension made by BlackRock Canada shall be conclusive.

Administrative Fee to Offset Certain Costs of Transactions with Dealers

In connection with exchanges or redemptions of Units of an iShares Fund by a Dealer, BlackRock Canada may charge the Dealer effecting the exchange or redemption, at its discretion, an administrative fee as a percentage of the exchange or redemption proceeds to offset certain transaction costs incurred in connection with the exchange or redemption, which is payable to the iShares Fund.

The administrative fee that may be charged in respect of an iShares Fund is disclosed under the heading “**Fees and Expenses – Fees and Expenses Payable Directly by You**”. The administrative fee will not be charged to a Unitholder in connection with the buying or selling of Units of an iShares Fund on the Exchange.

Exchange and Redemption of Units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units of those iShares Funds. Beneficial owners of Units should ensure that they provide instructions to the CDS Participants through which they hold Units sufficiently in advance of the applicable cut-off times to allow such CDS Participants to notify BlackRock Canada prior to the relevant cut-off time.

Short-Term Trading

BlackRock Canada does not believe that it is necessary to impose any short-term trading restrictions on the iShares Funds at this time as the iShares Funds are exchange-traded funds that are primarily traded in the secondary market.

INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the iShares Funds and for a prospective investor in an iShares Fund that, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the iShares Fund and securities of issuers accepted as payment for Units of an iShares Fund as capital property, and is not affiliated and deals at arm’s length with the iShares Fund. This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (“**Tax Amendments**”), counsel’s understanding of the current published administrative policies and assessing practices of the CRA, and certain facts regarding the iShares Funds provided to counsel by BlackRock Canada. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary is also based on the assumptions that (i) no iShares Fund will be a SIFT trust at any time; (ii) none of the securities held by an iShares Fund will be issued by a corporation that is a “foreign affiliate” (as defined in the Tax Act) of the iShares Fund or any Unitholder, (iii) none of the securities held by an iShares Fund will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iv) none of the securities held by an iShares

Fund will be an interest in a non-resident trust other than an “exempt foreign trust” as defined in the Tax Act, (v) no iShares Fund will enter into any arrangement where the result is a “dividend rental arrangement” for the purposes of the Tax Act, and (vi) no Unitholder has entered or will enter into a “derivative forward agreement” (as defined in the Tax Act) with respect to the Units of an iShares Fund.

Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate

Tax Amendments released on August 12, 2024 (the “**August 12 Tax Amendments**”) propose to generally increase the proportion of a capital gain that would be included in income as a taxable capital gain, or the proportion of a capital loss that would constitute an allowable capital loss, from one-half to two-thirds for any capital gains or losses realized on or after June 25, 2024. The one-half inclusion of capital gains will continue to apply to individuals (other than most types of trusts) up to a maximum of \$250,000 of net capital gains per year.

Under the August 12 Tax Amendments two different inclusion and deduction rates would apply for taxation years that begin before June 25, 2024, and end after June 24, 2024 (“**Transitional Year**”). As a result, for its Transitional Year a taxpayer will be required to separately identify capital gains and capital losses realized before June 25, 2024 (“**Period 1**”) and those realized after June 24, 2024 (“**Period 2**”, each of Period 1 and Period 2 being a “**Period**”). The annual \$250,000 threshold for an individual will be fully available in 2024 without proration and would apply only in respect of net capital gains realized in Period 2 less any net capital losses from Period 1.

The below summary only generally describes, and is not exhaustive of all possible, Canadian federal income tax considerations arising from the August 12 Tax Amendments as they relate to capital gains (or losses) of trusts and their unitholders. If the August 12 Tax Amendments are enacted as proposed, certain tax consequences described below will, in some respects, be different. Accordingly, Unitholders are advised to consult their own tax advisors regarding the implications of the August 12 Tax Amendments with respect to their particular circumstances.

Status of the iShares Funds

Each of the iShares Funds intends to qualify as a “mutual fund trust” for tax purposes by the time it files its first tax return in which it will make an election to be deemed to be a mutual fund trust from the date it was created. If an iShares Fund fails to or ceases to qualify as a mutual fund trust, the iShares Fund may become subject to alternative minimum tax, Part X.2 and Part XII.2 tax, and would not be entitled to capital gains refunds.

If at any time in a year an iShares Fund that does not qualify as a mutual fund trust has an investor that is a “designated beneficiary” within the meaning of the Tax Act, the iShares Fund may be subject to a special tax at a rate of 40% under Part XII.2 of the Tax Act on its “designated income” within the meaning of the Tax Act. A “designated beneficiary” includes a non-resident person. “Designated income” includes income from carrying on business in Canada (which may include gains on certain derivatives) and capital gains from dispositions of “taxable Canadian property” within the meaning of the Tax Act. If possible, where an iShares Fund is subject to tax under Part XII.2, the iShares Fund may make designations which will result in Unitholders that are not designated beneficiaries receiving a tax credit with respect to their share of the Part XII.2 tax paid by the iShares Fund. The iShares Funds are not expected to have any material amount of “designated income” and so any Part XII.2 tax should not be significant.

In addition, if one or more “financial institutions”, as defined in the Tax Act, owns more than 50% of the fair market value of the Units of an iShares Fund which does not qualify as a mutual fund trust under the Tax Act, then that iShares Fund will be a “financial institution” for purposes of the Tax Act and as such subject to certain “mark-to-market” tax rules. In such a case, the iShares Fund will be required to recognize on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in the amounts distributed to Unitholders. Each time an iShares Fund becomes or ceases to be a financial institution in accordance with the mark-to-market rules, the tax year of the iShares Fund will be deemed to end immediately before that time, and gains or losses accrued on certain securities before that time will be deemed realized by the iShares Fund and will be distributed to Unitholders. A new taxation year for the iShares Fund will then begin, and for that and subsequent taxation years, for so long as not more than 50% of the Units of the iShares Fund are held by financial

institutions, or the iShares Fund is a mutual fund trust for purposes of the Tax Act, the iShares Fund will not be subject to the mark-to-market rules. See “**Risk Factors – General Risks Relating to an Investment in the iShares Funds – Taxation of the iShares Funds Risk**”.

Provided that the Units of an iShares Fund are and continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX, or that the iShares Fund qualifies and continues to qualify as a mutual fund trust under the Tax Act or as a registered investment under the Tax Act, the Units of that iShares Fund will be qualified investments under the Tax Act for Registered Plans. In the opinion of counsel, the Units will qualify as “marketable securities” as that term is used in the Tax Act provided that the Units are and continue to be listed on the TSX.

Notwithstanding the foregoing, if the holder of a TFSA, RDSP, or FHSA, the subscriber of an RESP or the annuitant of an RRSP or RRIF (a “controlling individual”) holds a “significant interest” in an iShares Fund, or if such controlling individual does not deal at arm’s length with an iShares Fund for purposes of the Tax Act, the Units of such iShares Fund will be a “prohibited investment” for such TFSA, RRSP, FHSA, RESP, RDSP, or RRIF. If Units of an iShares Fund are a “prohibited investment” for a TFSA, RRSP, FHSA, RESP, RDSP or RRIF that acquires such Units, the controlling individual will be subject to a penalty tax as set out in the Tax Act. Generally, a controlling individual will not be considered to have a “significant interest” in an iShares Fund unless the controlling individual owns 10% or more of the value of the outstanding Units of such iShares Fund, either alone or together with persons and partnerships with which the controlling individual does not deal at arm’s length. In addition, the Units of the iShares Fund will not be a “prohibited investment” at any time during the first 24 months of existence of the iShares Fund provided that the iShares Fund qualifies as a mutual fund trust or as a registered investment under the Tax Act and remains in substantial compliance with NI 81-102 during that period or if such Units are otherwise “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP, FHSA, RESP, RDSP or RRIF.

In the case of an exchange of Units of any iShares Fund for a Basket of the iShares Fund, a Unitholder will receive securities. The securities received by a Unitholder as a result of an exchange of Units may or may not be qualified investments or prohibited investments for Registered Plans. Unitholders should consult their own tax counsel for advice on whether or not such securities would be qualified investments or prohibited investments for Registered Plans.

At the date hereof, the assets of a pension plan may be invested in Units provided that the assets of such pension plan are invested in accordance with the applicable regulations, investment criteria and statement of investment policies and procedures established for such pension plan. However, no purchase of Units should be made solely in reliance on the above general statement. A pension plan wishing to invest in Units should make its own assessment, including by consulting its advisers, of its ability to make such an investment in its particular circumstances.

Taxation of the iShares Funds

In computing its income an iShares Fund will include taxable distributions received and considered to be received on securities held by it and the taxable portion of capital gains realized by the iShares Fund on the disposition of securities held by it, including securities of iShares ETFs, where applicable. The Trust Document governing the iShares Funds requires that in each taxation year each iShares Fund distributes its net income and net realized capital gains, if any, for the taxation year of the iShares Fund to Unitholders to such an extent that the iShares Fund will not be liable in respect of the taxation year for ordinary income tax (after taking into account any applicable losses of each iShares Fund and the capital gains refunds to which the iShares Fund is entitled). If in a taxation year the income for tax purposes of an iShares Fund exceeds the cash available for distribution by the iShares Fund, such as in the case of receipt by the iShares Fund of special dividends, the iShares Fund will distribute all or a portion of its income through a payment of reinvested distributions.

In determining the income of an iShares Fund, gains or losses realized upon dispositions of securities in which the iShares Fund has invested will constitute capital gains or capital losses of the iShares Fund in the year realized unless the iShares Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the iShares Fund has acquired the securities in a transaction or transactions considered to be an

adventure or concern in the nature of trade. Each iShares Fund will purchase securities (other than derivative instruments) with the objective of earning income thereon and takes the position that gains and losses realized on the disposition of these securities are capital gains and capital losses.

In the event an iShares Fund that is a “mutual fund trust” would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption or exchange of Units during the year (the “capital gains tax refund”). The capital gains tax refund in a particular taxation year may not completely offset such iShares Fund’s tax liability for the taxation year arising in connection with the redemption or exchange of Units.

An iShares Fund will include in computing its income any interest accruing to it on bonds held in its portfolio. Where an iShares Fund invests in units of an Underlying Fund, provided that the Underlying Fund makes appropriate designations with respect to amounts distributed by it to the iShares Fund out of the Underlying Fund’s dividends from taxable Canadian corporations, capital gains and foreign source income, where those items are applicable, such amounts will be treated as such dividends, capital gains and foreign source income in the hands of the iShares Fund. If such Underlying Fund distributes amounts as return of capital to an iShares Fund, generally, such amounts will not be included in the iShares Fund’s income but will reduce the adjusted cost base of the iShares Fund’s investment in such Underlying Fund. In the case of any iShares Fund holding real return or inflation adjusted bonds, any amounts in respect of inflation-related adjustments to the principal amount of the bonds will be deemed to be interest for this purpose. Any such amounts of accrued interest and deemed interest will be reflected in distributions to Unitholders.

Pursuant to the Trust Document, all or a portion of the amount paid or considered to be paid to a Unitholder on an exchange or redemption of Units of an iShares Fund may be treated, at BlackRock Canada’s discretion, as a payment to the Unitholder out of capital gain realized by the iShares Fund in connection with the redemption or exchange rather than as proceeds of disposition. BlackRock Canada does not intend to allocate capital gains to exchanging or redeeming Unitholders in a manner that would result in the allocated amounts being non-deductible under the Tax Act. See “**Risk Factors – General Risks Relating to an Investment in the iShares Funds – Taxation of the iShares Funds Risk**”.

The iShares Funds are subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when an iShares Fund acquires a property (a “**substituted property**”) that is the same as or identical to the property sold, within 30 days before and 30 days after the disposition and the iShares Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the applicable iShares Fund cannot deduct the loss from the iShares Fund’s capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the iShares Fund to be made payable to its Unitholders.

The LRE rules could potentially apply to an iShares Fund. In general, an iShares Fund is subject to a “loss restriction event” if a person (or group of persons) acquires more than 50% of the fair market value of the Units of the iShares Fund. If a “loss restriction event” occurs, then (i) the iShares Fund will be deemed to have a year-end for tax purposes immediately before the “loss restriction event” occurs, (ii) any net income and net realized capital gains of the iShares Fund at such year-end will be distributed to the Unitholders of the iShares Fund to the extent required for the iShares Fund not to be liable for income tax, and (iii) the iShares Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the “loss restriction event”. However, the LRE rules will not apply if the iShares Fund is an “investment fund” which requires the fund to meet certain conditions, including satisfying certain of the conditions necessary to qualify as a mutual fund trust for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. See “**Risk Factors – General Risks Relating to an Investment in the iShares Funds – Taxation of the iShares Funds Risk**”.

Each iShares Fund is required to compute its income and gains for tax purposes in Canadian dollars and may therefore realize foreign exchange gains or losses in respect of investments that are not Canadian dollar denominated. Such

foreign exchange gains and losses may be taken into account in computing its income for tax purposes, although in some cases such gains or losses may be offset by hedging transactions.

An iShares Fund may derive income or gains from investments in the U.S. and other foreign countries and, as a result, may be liable to pay tax to such countries. Such an iShares Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the iShares Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

To the extent that an investment by an iShares Fund is an “offshore investment fund property” (within the meaning of the Tax Act), the iShares Fund may be required to include in its income the amount determined in accordance with section 94.1 of the Tax Act (the “**OIFP Rules**”). In general terms, the OIFP Rules will apply to an iShares Fund if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for an iShares Fund acquiring or holding an investment in a non-resident entity (including potentially debt or equity of a non-resident person) is to derive a benefit from “portfolio investments” of the non-resident entity in such a manner that taxes under the Tax Act on income, profits and gains for any year are significantly less than they would have been if such income, profits and gains had been earned directly by such iShares Fund. If section 94.1 of the Tax Act were to apply to an investment by an iShares Fund, the iShares Fund would generally include an amount in income in respect of each month equal to the “designated cost” of the investment at the end of the month multiplied by one-twelfth of the sum of a prescribed rate of interest and 2%. The amount to be included in income under section 94.1 of the Tax Act in respect of an investment will be reduced by any income (other than a capital gain) from the investment for the taxation year. The adjusted cost base of an iShares Fund’s investment will be correspondingly increased by any such amount included in income. The prescribed rate of interest is linked to the yield on 90-day Government of Canada Treasury Bills and is adjusted quarterly.

If an iShares Fund invests in another fund that for Canadian federal income tax purposes is a trust that is not resident in Canada (an “**Underlying Foreign Trust**”) that is an “exempt foreign trust” for purposes of the Tax Act and the total fair market value at any time of all fixed interests of a particular class in the Underlying Foreign Trust held by the iShares Fund, persons or partnerships not dealing at arm’s length with the iShares Fund, and/or persons or partnerships that acquired their interests in the Underlying Foreign Trust in exchange for consideration given to the Underlying Foreign Trust by the iShares Fund is at least 10% of the total fair market value at that time of all fixed interests of the particular class of the Underlying Foreign Trust, the Underlying Foreign Trust will be deemed by section 94.2 of the Tax Act to be at that time a controlled foreign affiliate (“**CFA**”) of the iShares Fund.

If the Underlying Foreign Trust is deemed to be a CFA of the iShares Fund at the end of a particular taxation year of the Underlying Foreign Trust and earns income that is characterized as “foreign accrual property income” as defined in the Tax Act (“**FAPI**”) in that taxation year of the Underlying Foreign Trust, the iShares Fund’s proportionate share of the FAPI of the Underlying Foreign Trust (computed under Canadian federal income tax principles and reducible by certain deductions) must be included in computing the income of the iShares Fund for Canadian federal income tax purposes for the taxation year of the iShares Fund in which that taxation year of the Underlying Foreign Trust ends, whether or not the iShares Fund actually receives a distribution of that FAPI. Under section 94.2 of the Tax Act, in computing the amount of FAPI of an Underlying Foreign Trust that is required to be included in income by the iShares Fund, there may be deducted the portion of such FAPI that has been distributed or otherwise made payable to the iShares Fund in the applicable taxation year.

Under the Tax Act, the excessive interest and financing expenses limitation rules (the “**EIFEL Rules**”), if applicable to an entity, may limit the deductibility of interest and other financing-related expenses by the entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity’s adjusted EBITDA. The EIFEL Rules and their application are highly complex, and there can be no assurances that the EIFEL Rules will not have adverse consequences to an iShares Fund or its Unitholders. In particular, if these rules were to apply to restrict deductions otherwise available to an iShares Fund, the taxable component of distributions paid by the iShares Fund to Unitholders may be increased, which could reduce the after-tax return associated with an investment in Units. Although certain investment funds that are considered to be “excluded entities” for purposes of the EIFEL

Rules may be excluded from the application of the EIFEL Rules, there can be no assurance that an iShares Fund would qualify as an “excluded entity” for these purposes, and hence an iShares Fund could be subject to the EIFEL Rules.

Investments in iShares ETFs and in Publicly-Traded Trust Securities

To the extent that an iShares Fund invests in securities of an Underlying Fund, the Underlying Fund may designate a portion of amounts that it distributes to the iShares Fund as may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received by the Underlying Fund on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized by the Underlying Fund. Any such designated amounts will be deemed for tax purposes to be received or realized by the iShares Fund as such a taxable dividend or taxable capital gain, respectively. An Underlying Fund that pays foreign withholding tax may make designations such that the iShares Fund may be treated as having paid its share of such foreign tax. As described above, the iShares Fund will make the appropriate designations in respect of amounts which form part of the net income of the iShares Fund that is distributed to its Unitholders so that such amounts will effectively retain their character in the hands of its Unitholders. If an Underlying Fund distributes amounts as return of capital to the iShares Fund, generally, such amounts will not be included in the iShares Fund’s income but will reduce the adjusted cost base of the iShares Fund’s investment in the Underlying Fund.

To the extent that an Underlying Fund holds REIT or income trust securities, the Underlying Fund will be required to include in computing its income for tax purposes for any year the amount (computed in Canadian dollars) of net income and net taxable capital gains, if any, of each REIT or Canadian income trust (“**Publicly-Traded Trust**”) included in its portfolio that are paid or payable to it in the year. Provided that the appropriate designations are made on a timely basis by each such Publicly-Traded Trust, taxable dividends including eligible dividends received by each Publicly-Traded Trust from taxable Canadian corporations, net taxable capital gains of each Publicly-Traded Trust and income received by each Publicly-Traded Trust from foreign sources will effectively retain their character in the hands of the Underlying Fund (and will effectively retain their character in the hands of the applicable iShares Fund when distributed to it provided that the appropriate designations are made on a timely basis by the Underlying Fund). Publicly-Traded Trusts in which the Underlying Fund may invest generally claim capital cost allowance and other tax deductions such that their cash distributions may exceed the amount required to be included in the income of their security holders. Any such excess amount received by the Underlying Fund from a Publicly-Traded Trust will generally not be included in the Underlying Fund’s income for the year; however, it will reduce the adjusted cost base of the Underlying Fund’s investment in the securities of the Publicly-Traded Trust by that amount. To the extent that the adjusted cost base of the Underlying Fund’s securities of a Publicly-Traded Trust would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Underlying Fund and the adjusted cost base of the applicable securities to the Underlying Fund will then be nil immediately thereafter.

Where a Publicly-Traded Trust is subject to the SIFT rules, distributions of the Publicly-Traded Trust’s “non-portfolio earnings” will not be deductible in computing the Publicly-Traded Trust’s net income. Non-portfolio earnings are generally defined as income (other than certain dividends) from, and capital gains from the disposition of, “non-portfolio properties”, as defined in the Tax Act. Such non-deductible distributions paid to a holder of units of the Publicly-Traded Trust will generally be treated as eligible dividends received by the holder on shares of a taxable Canadian corporation.

iShares Funds Holding Derivative Securities

Generally, to the extent that an iShares Fund holds derivatives as a substitute for direct investment, it will include gains and deduct losses on income account in connection with its derivative activities and will recognize such gains or losses for tax purposes at the time they are realized by the iShares Fund. Where an iShares Fund uses derivatives to hedge exposure with respect to securities held on capital account, the derivatives are sufficiently linked to such securities and the derivatives are not subject to the derivative forward agreement rules (the “**DFA Rules**”) discussed below, gains or losses realized on such derivatives will be treated as capital gains or losses.

The DFA Rules in the Tax Act deem gains on the settlement of certain forward agreements (described as “**derivative forward agreements**”) to be included in ordinary income rather than treated as capital gains. Under the DFA Rules,

the return on any derivative entered into by an iShares Fund or a Canadian iShares Fund that is a “derivative forward agreement” within the meaning of the Tax Act will be taxed as ordinary income rather than capital gains. The Tax Act exempts from the application of the DFA Rules currency forward contracts or certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

Taxation of Unitholders

Distributions

A Unitholder will be required to include in the Unitholder’s income for tax purposes for any year the amount (computed in Canadian dollars) of net income and net taxable capital gains of the iShares Fund, if any, paid or payable to the Unitholder in the year and deducted by the iShares Fund in computing its income, whether or not such amounts are reinvested in additional Units, including in the case of Unitholders who receive Management Fee Distributions to the extent they are paid out of net income and net taxable capital gains of the iShares Funds.

The non-taxable portion of any net realized capital gains of an iShares Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year and, provided appropriate designations are made by the iShares Fund, will not reduce the adjusted cost base of the Unitholder’s Units of that iShares Fund. Any returns of capital will generally reduce the Unitholder’s adjusted cost base. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder’s adjusted cost base will be nil immediately thereafter.

Each iShares Fund will designate to the extent permitted by the Tax Act the portion of the net income distributed to Unitholders as may reasonably be considered to consist of, respectively, (i) taxable dividends (including eligible dividends) received or considered to be received by the iShares Fund on shares of taxable Canadian corporations and (ii) net taxable capital gains realized or considered to be realized by the iShares Fund. Any such designated amount will be deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend (including an eligible dividend) and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends paid to an individual by a taxable Canadian corporation (including the enhanced gross-up and dividend tax credit applicable to dividends designated by the paying corporation as eligible dividends in accordance with the provisions of the Tax Act) will apply to amounts designated by the applicable iShares Fund as such taxable dividends (or as such eligible dividends). Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. In addition, each iShares Fund will similarly make designations in respect of its income from foreign sources, if any, so that, for the purpose of computing any foreign tax credit that may be available to a Unitholder, the Unitholder will generally be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid by the iShares Fund to that country that is equal to the Unitholder’s share of the iShares Fund’s income from sources in that country. Any loss of an iShares Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders of such iShares Fund.

Composition of Distributions

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable dividends (eligible dividends or dividends other than eligible dividends), taxable capital gains (including if the August 12 Tax Amendments are enacted, the portion of capital gains allocable to each Period), returns of capital and foreign source income, and whether foreign tax has been paid for which the Unitholder might be able to claim a foreign tax credit, where those items are applicable.

Tax Consequences of the iShares Funds’ Distribution Policy

When a Unitholder acquires Units in an iShares Fund, a portion of the price paid may reflect income and gains that have accrued and/or have been realized but have not been made payable at the time the units are acquired. This may particularly be the case near year-end before year-end distributions have been made. The income and the taxable

portion of capital gains that are paid or payable to a Unitholder must be included in the calculation of the Unitholder's income in the manner described above, even if it relates to a period before the Unitholder owned the Units and may have been reflected in the price paid by the Unitholder. If the amounts of such distributions are reinvested in additional Units of the iShares Fund, the amounts will be added to the Unitholder's adjusted cost base of its Units.

Disposition of Units

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. The adjusted cost base of Units held by Unitholders must be calculated separately for Units of each iShares Fund held by the Unitholder. In general, the adjusted cost base of all Units of a particular iShares Fund held by the Unitholder is the total amount paid for Units of that iShares Fund (including brokerage commissions paid and the amount of reinvested distributions), regardless of when the investor bought them, less any returns of capital and less the adjusted cost base of any Units of that iShares Fund previously redeemed/exchanged by the Unitholder. For the purpose of determining the adjusted cost base of Units of an iShares Fund to a Unitholder, when Units of the iShares Fund are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of that iShares Fund owned by the Unitholder as capital property immediately before that time. For USD Units, proceeds of disposition and each component of adjusted cost base are calculated in Canadian dollars based on the currency exchange rate at the time of the particular transaction.

Subject to the limits imposed by the ATR Rule, when a Unitholder redeems Units of an iShares Fund for cash or exchanges Units of the iShares Fund for a Basket of Securities and cash, the iShares Fund may allocate and designate capital gains to the Unitholders as partial payment of the redemption or exchange price, as applicable. Any capital gains so allocated and designated, must be included in the calculation of the Unitholder's income in the manner described above and will reduce the Unitholder's proceeds of disposition.

Where Units of an iShares Fund are exchanged by the redeeming Unitholder for Baskets of Securities, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Baskets of Securities so received, plus the amount of any cash received on the exchange, and less any capital gains realized by the iShares Fund as a result of the transfer of those Baskets of Securities which has been designated by the iShares Fund to the Unitholder. The cost for tax purposes of securities acquired by a redeeming Unitholder on the exchange or redemption of Units will generally be the fair market value of such securities at that time. Where, on an exchange of Units for Baskets of Securities, a Unitholder receives a bond on which interest has accrued but is not payable at the time of the exchange, the Unitholder will generally include such interest in income in accordance with the Tax Act, but will be entitled to offset such amount by a deduction for such accrued interest. The Unitholder's adjusted cost base for tax purposes of the bond will be reduced by such amount of accrued interest.

Where Securities are Accepted as Payment for Units of an iShares Fund

Where securities are accepted as payment for Units acquired by a Unitholder, such Unitholder will generally realize a capital gain (or capital loss) in the taxation year of the Unitholder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Unitholder. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a Unitholder of Units so acquired will be equal to the fair market value of the securities disposed of in exchange for such Units at the time of disposition less any cash received in lieu of fractional Units, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration for the securities. In computing the adjusted cost base of a Unit so acquired by a Unitholder, the cost of such Unit must be averaged with the adjusted cost base of any other Units of the particular iShares Fund then held by that Unitholder as capital property.

Taxation of Capital Gains and Capital Losses

Subject to the August 12 Tax Amendments, one half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains realized or considered to be realized by an iShares Fund and designated by the iShares Fund in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. Subject to the August 12 Tax Amendments, one half of a capital loss realized by a Unitholder will be an allowable capital loss that will be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

Any additional Units acquired by a Unitholder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. It is the administrative position of the CRA that if, pursuant to a distribution reinvestment plan of a trust (for example, the Plan of an iShares Fund), a unitholder acquires a unit from the trust at a price that is less than the then fair market value of the unit, the unitholder must include the difference in income and the cost of the unit will be correspondingly increased.

Taxation of Registered Plans

In general, the amount of a distribution paid or payable to a Registered Plan from an iShares Fund and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of contributions from a RESP or certain withdrawals from a RDSP or FHSA) will generally be subject to tax.

INTERNATIONAL INFORMATION REPORTING

Pursuant to the Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively referred to as "FATCA") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act and referred to as "CRS"), Unitholders (or in the case of certain Unitholders that are entities, the "controlling persons" thereof) will be required to provide their dealer with information related to their citizenship and tax residence and, if applicable, a foreign taxpayer identification number. If a Unitholder (or, if applicable, any of its controlling persons) (i) is identified as a "U.S. Specified Person" (including a U.S. resident or U.S. citizen); (ii) is identified as a tax resident of a country other than Canada or the U.S.; or (iii) does not provide the required information and evidence of certain U.S. or non-Canadian status (or indicia) is present, details about the Unitholder (or, if applicable, its controlling persons) and their investment in the iShares Fund will be required to be reported by their dealer to the CRA unless the investment is held within a Registered Plan. The CRA will provide that information to the U.S. Internal Revenue Service (in the case of U.S. Specified Persons) or the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under the CRS (in the case of non-Canadian tax residents other than U.S. tax residents).

ORGANIZATION AND MANAGEMENT DETAILS OF THE iSHARES FUNDS

Trustee, Manager and Portfolio Adviser of the iShares Funds

BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds and is responsible for the operations of the iShares Funds, including the management of the iShares Funds' investment portfolios and the valuation of each of the iShares Funds' assets. BlackRock Canada is entitled to a management fee for acting as trustee, manager and portfolio adviser of the iShares Funds as described under "**Fees and Expenses – Fees and Expenses Payable by the iShares Funds – Annual Management Fee**".

The principal office of BlackRock Canada is a corporation amalgamated under the laws of Ontario with its principal office at 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario M5J 2S1.

BlackRock Canada is an indirect, wholly-owned subsidiary of BlackRock.

Details of the Management Services to be Provided by BlackRock Canada

Pursuant to the Trust Document, BlackRock Canada is the trustee and manager of the iShares Funds and, as such, is responsible for providing managerial, administrative and compliance services to the iShares Funds, including purchasing and selling portfolio securities on behalf of the iShares Funds, and for providing or arranging for required administrative services to the iShares Funds including, without limitation:

- (a) authorizing the payment of fees, expenses or disbursements incurred on behalf of the iShares Funds that are the responsibility of the iShares Funds;
- (b) preparing reports to Unitholders and the securities regulatory authorities, including interim and annual MRFPs and financial statements;
- (c) determining the amount of distributions to be made by the iShares Funds;
- (d) adopting optional plans for the iShares Funds and administering such plans or engaging a plan agent to administer such plans; and
- (e) negotiating contractual agreements with Dealers and service providers, including sub-advisers, custodians, registrars and transfer agents, securities lending agents and auditors.

BlackRock Canada is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the iShares Funds and, in connection therewith, must exercise the degree of care, diligence, and skill that a reasonably prudent trustee and manager would exercise in comparable circumstances.

BlackRock Canada and its agents, and each of their respective directors, officers and employees (each an “**Indemnified Party**”) will at all times be indemnified and saved harmless out of the assets of the iShares Funds from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it or them for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its or their duties hereunder and also from and against all other costs, charges, and expenses which it or they sustain or incur in or about or in relation to the affairs of these iShares Funds, including legal fees and an amount paid to settle an action or satisfy a judgment reasonably incurred by the Indemnified Party in connection with services provided by it to the iShares Funds in respect of any civil, criminal or administrative action or proceeding to which the Indemnified Party is a party. Neither BlackRock Canada nor any other Indemnified Party will be liable to the iShares Funds or to any Unitholder for any loss or damage relating to any matter regarding the iShares Funds, including any loss or diminution in the value of the iShares Funds or their assets.

The foregoing paragraph does not apply in any circumstance where there has been negligence, gross negligence, wilful default, dishonesty or bad faith on the part of BlackRock Canada or its agents, or where BlackRock Canada or its agents have otherwise failed to act in compliance with the standard of care set forth in the Trust Document and, in the case of legal fees, judgments and amounts paid in settlement of any civil, criminal or administrative proceeding as contemplated by the Trust Document and the limitation of liability relating to any loss or damage relating to any matter regarding the iShares Funds, including any loss or diminution in the value of the iShares Funds or their assets, does not apply unless such fees, judgments and amounts were not incurred as a result of a breach of the standard of care described in the Trust Document and the iShares Funds have reasonable grounds to believe that the action or inaction that caused the payment of such fees, judgments and amounts paid in settlement was in the best interests of the iShares Funds.

The management and trustee services of BlackRock Canada under the Trust Document are not exclusive and nothing in the Trust Document prevents BlackRock Canada from providing similar services to other investment funds and clients (whether or not their investment objectives and policies are similar to those of the iShares Funds) or from engaging in other activities.

Pursuant to the Trust Document, BlackRock Canada may resign as trustee and manager of the iShares Funds by giving not less than 60 days' and not more than 90 days' prior written notice to Unitholders of the iShares Funds. BlackRock Canada may appoint a successor trustee, but if no such successor trustee is appointed within 30 days of BlackRock Canada's resignation, the iShares Funds will be terminated and their net assets distributed to Unitholders.

Governance

BlackRock Canada, as trustee, is responsible for governance of the iShares Funds. BlackRock Canada has established appropriate policies designed to recognize BlackRock Canada's obligation to act in the best interest of the iShares Funds and to place the interests of the iShares Funds ahead of the personal interests of the officers and employees of BlackRock Canada.

Ownership of BlackRock Canada

BlackRock owns, directly or indirectly, 100% of the outstanding common shares of BlackRock Canada.

Executive Officers and Directors of BlackRock Canada

The following are the names, municipalities of residence, offices and principal occupations of the executive officers and directors of BlackRock Canada:

Name and Municipality of Residence	Office	Principal Occupation
MARCIA MOFFAT Toronto, Ontario	Chief Executive Officer, Ultimate Designated Person and Director	Managing Director (Country Head - Canada), BlackRock Canada
COLLEEN DAVIS Toronto, Ontario	Chief Operating Officer	Director, BlackRock Canada
TRACEY GRANT Toronto, Ontario	Managing Director and Director	Managing Director (Head of Canadian Institutional Client Business), BlackRock Canada
HELEN HAYES Toronto, Ontario	Managing Director and Director	Managing Director (Head of iShares Canada), BlackRock Canada
STEPHANIE GENOIS Montreal, Québec	Managing Director and Director	Managing Director, BlackRock Canada
MARINA STEWART New York, New York	Chief Financial Officer	Director, BlackRock
GEOFF GROVE Toronto, Ontario	Chief Compliance Officer	Director, BlackRock Canada

All executive officers and directors listed above held their current position or other positions with BlackRock Canada during the past five years except as follows:

Colleen Davis, Chief Operating Officer, is a member of BlackRock's Chief Executive Officer's team for Canada. In this role, Ms. Davis partners closely with colleagues across Canada and the global business, driving connectivity, business effectiveness and revenue growth. In addition, Ms. Davis oversees business management, risk operations, and financial reporting for the region. Prior to this, Ms. Davis led strategy for Canada. Ms. Davis earned a Bachelor of Arts degree from Queen's University and has a Master of Science in Comparative Politics from the London School of Economics.

Tracey Grant, Managing Director and Director, is a Managing Director (Head of Canadian Institutional Client Business) of BlackRock Canada. In this role, she is responsible for developing and executing the institutional client business strategy and delivering the firm's investment capabilities to institutional clients. She began her role with BlackRock Canada in December 2021. Prior to joining BlackRock Canada, Ms. Grant spent most of her career in the global asset management industry including roles as an international economist, global fixed income portfolio manager, equity investment specialist and institutional business development leader. Ms. Grant earned a Bachelor of

Arts degree in history and economics with honours from Western University. She also holds a Master of Science degree in Economic History from the London School of Economics and a Masters of Business Administration from INSEAD. Ms. Grant is also a Chartered Financial Analyst® charterholder.

Helen Hayes, Managing Director and Director, is a Managing Director (Head of iShares Canada) of BlackRock Canada. She is responsible for the distribution and management of iShares ETF products across institutional, wealth and direct channels. She began her role with BlackRock Canada in November 2021. Prior to her role with BlackRock Canada, Ms. Hayes spent most of her career in Canadian and Global investment banks and built leading high-performance sales and trading teams. Ms. Hayes earned a Bachelor of Arts Honours & Bachelor of Education from Queens University and a Master of Business Administration from IVEY Business School at Western University.

Marina Stewart, Chief Financial Officer, joined BlackRock in 2021 and was appointed Chief Financial Officer of BlackRock Canada in May 2024. Ms. Stewart is a Director in BlackRock's Finance Department and is responsible for providing financial oversight and reporting for numerous legal entities across Americas region. She also oversees significant global processes such as global compensation accounting, treasury investment accounting and support of M&A transactions. Previously, Ms. Stewart worked at one of the major corporate investment banks where she provided technical accounting support for business- and corporate-aligned activities. Ms. Stewart started her career in the audit and advisory practices at Deloitte where she delivered audit services and accounting advice to the clients in the asset management and banking industries as to the appropriate application of U.S. GAAP, IFRS Accounting Standards and SEC regulations in connection with offerings and ongoing reporting requirements. Ms. Stewart earned a Post Graduate Degree from the Texas Christian University. She is also a Certified Public Accountant.

Geoffrey Grove, Chief Compliance Officer, is a member of BlackRock's Legal and Compliance Group. Mr. Grove is responsible for the compliance function at BlackRock Canada, including advising on existing regulations and regulatory developments in Canada, as well as matters relating to core compliance, portfolio compliance, and marketing and distribution. Prior to joining BlackRock Canada, Mr. Grove spent ten years practicing corporate litigation at a leading national law firm. Mr. Grove earned a Bachelor of Arts degree from the University of Toronto and an L.L.B. from Osgoode Hall Law School.

Sub-Adviser

BlackRock Canada has appointed BTC, a national banking association organized under the laws of the United States of America that operates as a limited purpose trust company, as the sub-adviser of the iShares Funds. As sub-adviser, BTC is responsible for the investment management activities of the iShares Funds, subject to the policies, control and supervision of BlackRock Canada. BTC is an indirect, wholly-owned subsidiary of BlackRock and an affiliate of BlackRock Canada. BlackRock Canada or BTC may also appoint other affiliates to provide portfolio management or investment sub-advisory services to the iShares Funds.

BlackRock Canada remains responsible for the management of each of the iShares Funds, including the management of their investment portfolios and the investment advice provided by BTC. In particular, BlackRock Canada is responsible for any loss that arises out of the failure of BTC to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of BlackRock Canada and the iShares Funds or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. There may be difficulty in enforcing any legal rights against BTC (or its individual representatives) because it is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

BTC's principal office is located in San Francisco, California and has a branch in the U.K. Its primary regulator is the Office of the Comptroller of the Currency, the agency of the U.S. Treasury Department that regulates U.S. national banks. Activities conducted in its U.K. branch are also subject to regulation under the laws of the U.K.

Portfolio management at BTC is conducted by integrated teams of highly qualified investment professionals. Moreover, BTC uses a combination of technologically advanced investment systems, along with rigorous investment procedures and safeguards. Management of the investment portfolios is reviewed on a regular basis.

Portfolio Managers of the Sub-Adviser

Biographical information relating to the principal portfolio managers of BTC who oversee the services provided to the iShares Funds is set forth below:

Name	iShares Fund(s)	Years of Service	Title	Notes
Paul Whitehead	XFLI and XFLX	28	Managing Director, Co-Head of Index Equity with responsibility for Global Portfolio Management, Index Asset Allocation, Investment Process & Platform, and Transition Management (TRIM) within BlackRock's ETF and Index Investments Group	Mr. Whitehead's service with the firm dates back to 1996, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. Prior to assuming his current role, Mr. Whitehead was Global Head of Equity Trading, Global Head of Transition Management and Head of Americas Equity Trading. Previously, he managed the trading team responsible for all Institutional Index funds, Exchange Traded funds, and Transition Management mandates. Mr. Whitehead earned a BS degree in economics at the University of Colorado in 1993.
Rick Rieder ⁽¹⁾	XFLI and XFLX	15	Rick Rieder, Senior Managing Director, BlackRock's Chief Investment Officer of Global Fixed Income, Head of the Fundamental Fixed Income business, and Head of the Global Allocation Investment Team	<p>Rick Rieder is BlackRock's Chief Investment Officer of Global Fixed Income, Head of the Fundamental Fixed Income business, and Head of the Global Allocation Investment Team. Mr. Rieder is a member of BlackRock's Global Executive Committee (GEC) and its GEC Investments Sub-Committee. He is also a member of BlackRock's Global Operating Committee, and Chairman of the firm-wide BlackRock Investment Council.</p> <p>Before joining BlackRock in 2009, Mr. Rieder was President and Chief Executive Officer of R3 Capital Partners. He served as Vice Chairman and member of the Borrowing Committee for the U.S. Treasury and member of the Federal Reserve's Investment Advisory Committee on Financial Markets.</p>

Name	iShares Fund(s)	Years of Service	Title	Notes
Samir Lakhani ⁽¹⁾	XFLI and XFLX	17	Samir Lakhani, Managing Director, Co-Head of the Securitized Assets Team within BlackRock's Global Fixed Income Group	<p>Mr. Lakhani has led the CMBA and Senior CRE Debt business since 2012 and continues to act as a Lead CMBS/CRE Debt Portfolio Manager. He is a member of various BlackRock Investment Committees including the Commercial Mortgage Loan Committee within Fixed Income and the Rest Estate Debt Investments Committee within BlackRock's Real Assets Group.</p> <p>Before joining BlackRock in 2009, Mr. Lakhani was a Vice President at R3 Capital Partners and held similar roles at Lehman Brothers and JP Morgan. Mr. Lakhani earned a B.S. Degree in Economics and a B.S. Degree in Engineering, summa cum laude, from the University of Pennsylvania and an MBA from Harvard Business School.</p>
Jacob Caplain ⁽¹⁾	XFLI and XFLX	11	Jacob Caplain, Managing Director, Head of Strategy of Global Fixed Income multi-sector yield funds and closed-end funds	<p>Mr. Caplain is the Head of Strategy for multi-sector yield funds and closed-end funds.</p> <p>Prior to assuming his current role, he was a member of the RQA group within BlackRock. Mr. Caplain earned a BA degree, magna cum laude, in Financial Economics from Columbia University.</p>
Dylan Price ⁽¹⁾	XFLI and XFLX	8	Dylan Price, Director, Portfolio Manager within BlackRock's Global Fixed Income Group	<p>Mr. Price is a Portfolio Manager on BlackRock's Global Fixed Income team.</p> <p>Mr. Price earned a BBA degree, with distinction, in Finance from the Goizueta Business School at Emory University.</p>
Charlotte Widjaja ⁽¹⁾	XFLI and XFLX	6	Charlotte Widjaja, Vice President, Portfolio Manager within BlackRock's Global Fixed Income Group	<p>Ms. Widjaja is a Portfolio Manager focusing on asset allocation and portfolio construction for the multi-sector and yield-focused mandates.</p> <p>She earned a Bachelor of Science degree in Finance from Babson College in 2017.</p>

⁽¹⁾ These persons are the principal portfolio managers who are responsible for the investment activities of BINC. The iShares Funds invest, directly or indirectly, all or substantially all of their assets in BINC.

Details of the Investment Sub-Advisory Agreement

An agreement has been entered into among BlackRock Canada, BTC and the iShares Funds, as amended and restated from time to time, (the “**Investment Sub-Advisory Agreement**”), under which BTC provides certain investment advisory and administrative services to the iShares Funds.

The Investment Sub-Advisory Agreement will remain in effect until terminated by any party upon not less than 30 days’ prior written notice, provided that the Investment Sub-Advisory Agreement may be terminated by any party upon 24 hours’ written notice to the other parties, if, among other things, any party fails to perform its material duties and discharge its material obligations under the Investment Sub-Advisory Agreement.

The Investment Sub-Advisory Agreement also provides that BTC shall hold harmless and indemnify BlackRock Canada and the iShares Funds from and against any and all liability or loss which such indemnified party may incur or suffer to the extent such liability or loss was caused by the failure of BTC to meet its obligations and/or comply with its standard of care in the Investment Sub-Advisory Agreement.

Conflicts of Interest

BlackRock Canada and its principals and affiliates do not devote their time exclusively to the management of the iShares Funds. In addition, such persons perform similar or different services for others and may sponsor or establish other investment funds during the same period that they act on behalf of the iShares Funds. Such persons therefore will have conflicts of interest in allocating management time, services and functions to the iShares Funds and the other persons for which they provide similar services.

The directors and officers of BlackRock Canada or its affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which an iShares Fund may acquire securities. BlackRock Canada and its affiliates, including BlackRock, may be engaged as managers or portfolio managers for one or more issuers in which an iShares Fund may acquire securities and may be managers or portfolio managers of funds or accounts that invest in the same securities as the iShares Funds. The iShares Funds are permitted to purchase, sell and hold securities of certain issuers that are directly or indirectly related to BlackRock Canada (currently including, but not limited to, BlackRock). Such transactions will only be undertaken where permitted by applicable securities laws and upon obtaining any required regulatory approvals.

BlackRock and Chubb Limited (“**Chubb**”), a public company whose securities are held by BlackRock-advised funds and other accounts, partially funded the creation of a re-insurance company (“**Re Co**”) pursuant to which BlackRock has approximately a 15% ownership interest and Chubb has approximately a 18.7% ownership interest and each has representation on its board of directors. Certain employees and executives of BlackRock have a less than ½ of 1% ownership interest in Re Co. BlackRock manages the investment portfolio of Re Co, which is held in a wholly-owned subsidiary. Re Co participates as a reinsurer with reinsurance contracts underwritten by subsidiaries of Chubb.

BlackRock or its affiliates own or have an ownership interest in certain trading, portfolio management, operations and/or information systems used by service providers of the iShares Funds. These systems are, or will be, used by a service provider of the iShares Funds in connection with the provision of services to accounts managed by BlackRock and funds managed and sponsored by BlackRock, including the iShares Funds, that engage the service provider (typically the custodian). A service provider of the iShares Funds remunerates BlackRock or its affiliates for the use of the systems. Payments by a service provider of the iShares Funds to BlackRock or its affiliates for the use of these systems may enhance the profitability of BlackRock and its affiliates. BlackRock’s or its affiliates’ receipt of fees from a service provider in connection with the use of systems provided by BlackRock or its affiliates may create an incentive for BlackRock to recommend that an iShares Fund enter into or renew an arrangement with the service provider.

Independent Review Committee

As required by NI 81-107, an IRC has been established to review all conflict of interest matters identified and referred to the IRC by BlackRock Canada and to give its approval or recommendation, depending on the nature of the conflict of interest matter. A conflict of interest matter is a situation where a reasonable person would consider BlackRock Canada or an entity related to BlackRock Canada to have an interest that may conflict with the ability of BlackRock Canada to act in good faith and in the best interests of the iShares Funds.

The current members of the IRC, who constitute the IRC for the iShares Funds are as follows:

Name	Municipality of Residence
Geoffrey Creighton ⁽¹⁾	Oakville, Ontario
Kevin Coldiron	Oakland, California
Cathy Welling	Thornbury, Ontario
Christine Allison	Ottawa, Ontario

- (1) Chair of the IRC.

Currently, each member receives \$55,100 (\$73,500 for the Chair) per annum as a general retainer, including for attendance at meetings. IRC members are reimbursed for any costs incurred in attending meetings or otherwise incurred in fulfilling their obligations as IRC members.

The IRC has a written charter describing its powers, duties and responsibilities.

Pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- (i) BlackRock Canada's policies and procedures regarding conflict of interest matters;
- (ii) any standing instructions the IRC has given to BlackRock Canada for the conflict of interest matters related to the iShares Funds; and
- (iii) BlackRock Canada's and each iShares Fund's compliance with any conditions imposed by the IRC in a recommendation or approval it has provided to BlackRock Canada.

In addition, the IRC reviews and assesses, at least annually, the independence and compensation of its members, its effectiveness as a committee, and the contribution and effectiveness of each member.

The IRC prepares a report annually of its activities for Unitholders which is available on the iShares Funds' designated website at www.blackrock.com/ca, or at a Unitholder's request at no cost, by contacting the iShares Fund at iSharesCanada_inquiries@blackrock.com.

Liquidity Risk Management

The Liquidity Risk Management program for the iShares Funds is governed by an internal Investment Risk Policy, which includes guidance for investment risk management, including liquidity risk management, for funds, including the iShares Funds. BlackRock Canada's independent risk management team performs liquidity risk management activities for the iShares Funds, including evaluating fund liquidity risk and liquidity risk exceptions relative to thresholds. In addition, the Liquidity Risk Advisory Group ("LRAG") oversees BlackRock's liquidity risk management program and liquidity risk assessment activities. LRAG is independent of the portfolio management teams and is comprised of representatives from RQA, the Regulatory Risk team, and the Financial Modelling Group. LRAG reviews and approves changes to the liquidity methodologies and models, reviews liquidity exceptions, and escalates material liquidity exceptions to the Portfolio Risk Oversight Committee. BlackRock's Portfolio Risk

Oversight Committee is chaired by BlackRock’s Chief Risk Officer and acts as the primary oversight committee for all investment risks including liquidity risk.

Strategic Alliance with RBC GAM

BlackRock Canada and RBC Global Asset Management Inc. (“**RBC GAM**”) have entered into a strategic alliance with regard to their ETF businesses in Canada whereby the ETF families offered by BlackRock Canada and RBC GAM are brought together under one brand – RBC iShares (the “**Strategic Alliance**”). The Strategic Alliance is a long-term contractual strategic alliance without the establishment of a joint venture entity. Under the Strategic Alliance, each of BlackRock Canada and RBC GAM provide the other party with support and certain services in relation to administration, distribution support, marketing and management of the ETFs managed by each of BlackRock Canada and RBC GAM (collectively, the “**Strategic Alliance ETFs**”). In connection with the provision of these mutual services, BlackRock Canada and RBC GAM provide each other with certain limited information, review and consent rights in relation to the Strategic Alliance ETFs. In addition, as consideration for these mutual services provided as part of the Strategic Alliance, BlackRock Canada and RBC GAM agree to share management fee revenue earned from the Strategic Alliance ETFs. Although BlackRock Canada and RBC GAM provide services to each other, the two firms continue to maintain separate fund management and portfolio advisory responsibilities for the Strategic Alliance ETFs for which they serve as investment fund manager or portfolio adviser. The Strategic Alliance agreement contemplates that BlackRock Canada and RBC GAM will work together on new product development and ongoing review and rationalization of the product lineup.

Custodian

SSTCC is the custodian of the iShares Funds pursuant to a Custody Agreement between BlackRock Canada, in its capacity as portfolio adviser and trustee of the iShares Funds, SSTCC and SSBT dated as of April 13, 2018 (as amended and/or restated from time to time). The Custody Agreement incorporates the terms and conditions of the Master Services Agreement (as amended and/or restated from time to time, the “**MSA**”) between BlackRock Canada and BTC and certain U.S.-based funds named therein and SSBT. The term of the Custody Agreement will continue until the later of April 2025 or the termination or expiration of the service modules entered into by certain U.S.-based funds and SSBT. The Custody Agreement may be terminated earlier in accordance with the terms and conditions therein or in the MSA, including in the event of a breach of SSTCC’s standard of care or where BlackRock Canada believes in its sole judgment acting in its capacity as a fiduciary that the continued provision of services by SSTCC would, in the circumstances, constitute a breach by BlackRock Canada of its duties as a fiduciary. Pursuant to the Custody Agreement, SSTCC or SSBT, as the case may be, also performs certain fund administration, fund accounting and other services for the iShares Funds. SSTCC’s principal office is located in Toronto, Ontario.

SSTCC appoints sub-custodians from time to time, including BTC, BAL and SSBT, pursuant to sub-custodial agreements entered into by SSTCC.

Auditor

The auditor of the iShares Funds is PricewaterhouseCoopers LLP, at its principal office located at PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario M5J 0B2.

Registrar and Transfer Agent

The registrar and transfer agent for the Units is SSTCC, at its principal office in Toronto, Ontario. SSTCC maintains the register of registered Unitholders of each iShares Fund.

Securities Lending Agents

BTC acts as a securities lending agent for the iShares Funds, pursuant to an amended and restated securities lending authorization agreement dated September 16, 2024 (the “**BTC Securities Lending Authorization Agreement**”)

between BlackRock Canada and BTC. BTC is a national banking association organized under the laws of the United States of America. BTC's principal office is located in San Francisco, California. BTC is an affiliate of BlackRock Canada. The BTC Securities Lending Authorization Agreement may be terminated by either party by giving the other party 30 days' prior written notice.

BAL acts as a securities lending agent for the iShares Funds, pursuant to an amended and restated securities lending authorization agreement dated September 16, 2024 (the "**BAL Securities Lending Authorization Agreement**") between BlackRock Canada and BAL. BAL is regulated by the Financial Conduct Authority in the U.K. BAL's principal office is located in London, England. BAL is an affiliate of BlackRock Canada. The BAL Securities Lending Authorization Agreement may be terminated by either party by giving the other party 30 days' prior written notice.

The securities lending agents act on behalf of the iShares Funds in administering the securities lending transactions entered into by the iShares Funds. The collateral posted by a securities borrower to a lending iShares Fund in a securities lending transaction is required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the iShares Funds, the iShares Funds also benefit from a borrower default indemnity provided by BlackRock. BlackRock's indemnity provides for full replacement of securities lent in the event the borrower defaults on its obligation to return the loaned securities and the collateral received is insufficient to reconstitute the portfolio of loaned securities.

Designated Website

An iShares Fund is required to post certain regulatory disclosure documents on a designated website. The designated websites of the iShares Funds this document pertains to can be found at www.blackrock.com/ca.

CALCULATION OF NET ASSET VALUE

NAV and NAV per Unit

The net asset value ("**NAV**") of an iShares Fund, or of a class of Units of an iShares Fund, will be equal to the market value of the total assets of the iShares Fund, or the market value of the assets of that iShares Fund allocated to that class, as applicable, less the value of the total liabilities of the iShares Fund, or the total liabilities of that iShares Fund allocated to that class, as applicable. Each portfolio transaction will be reflected in the computation of NAV no later than the computation of NAV next made after the date on which the transaction becomes binding.

The NAV per Unit of an iShares Fund, or of a class of an iShares Fund, on any day will be obtained by dividing the NAV of that iShares Fund, or class, as applicable, on such day by the number of Units of that iShares Fund, or class, then outstanding. The issue, exchange or redemption of Units of an iShares Fund or class, as applicable, will be reflected in the computation of NAV per Unit of the iShares Fund or class next made after the date of such issue, exchange or redemption.

The NAV and NAV per Unit of an iShares Fund or of a class, as applicable, will be determined in Canadian currency and may also be determined in any other currency in the discretion of BlackRock Canada from time to time. In the case of an iShares Fund that offers USD Units, the NAV per USD Unit will be calculated in Canadian dollars and translated to U.S. dollars based on the prevailing exchange rate determined by BlackRock Canada from time to time.

Generally, each iShares Fund will calculate the NAV of the iShares Fund and the NAV per Unit of the iShares Fund or class of the iShares Fund after the close of the market on each day on which a session of the Exchange of the iShares Fund is held (a "**Canadian Trading Day**"), or on such other days as BlackRock Canada may determine in its sole discretion.

Valuation Policies and Procedures

The determination of the NAV of each of the iShares Funds will be subject to the following valuation principles for the purpose of any issue, exchange or redemption of Units by an iShares Fund:

- (a) the value of any security which is listed or dealt with on a stock exchange or traded on an over-the-counter market will be (i) in the case of a security which was traded on a Canadian Trading Day, the closing sale price, or (ii) in the case of a security which was not traded on a Canadian Trading Day, the price last determined for such security. For a security whose trading market was on a holiday, or a systematic fair value will be received from an independent third party vendor. If the security is an underlying iShares ETF, the value of that underlying iShares ETF may be its reported net asset value if BlackRock Canada, in its discretion, reasonably determines that such net asset value is fair, reasonable and reliable in the relevant circumstances;
- (b) dividend income will be recognized on the ex-dividend date (or estimated ex-dividend date in certain circumstances) and interest income will be accrued daily;
- (c) the value of any bond will be priced using the mid-price provided by a third party;
- (d) the value of a futures contract will be (i) if daily limits imposed by the futures exchange through which the futures contract was issued are not in effect, the gain or loss on the futures contract that would be realized if, on a Canadian Trading Day, the position in the contract were to be closed out; or (ii) if daily limits imposed by the futures exchange through which the futures contract was issued are in effect, based on the current market value of the underlying interest of the futures contract;
- (e) margin paid or deposited on futures contracts will be reflected as an account receivable and, if not in the form of cash, will be noted as held for margin;
- (f) the value of a forward contract or swap will be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (g) the value of any security or other property (other than property contemplated above) for which a market quotation is not readily available will be its market value as determined by BlackRock Canada in such manner as BlackRock Canada will from time to time provide;
- (h) any market price reported in foreign currency will be translated into Canadian currency at the prevailing rate of exchange, as determined by BlackRock Canada, on the Canadian Trading Day the NAV of the iShares Fund or class of the applicable iShares Fund is being determined; and
- (i) notwithstanding the foregoing, the value of all fund property shall be the value that BlackRock Canada determines, in its reasonable discretion, most accurately reflects its value in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of money or money's worth.

BlackRock Canada has not exercised its discretion to deviate from the valuation principles as set out above for any of the iShares Funds in the past three (3) years.

Reporting of Net Asset Value

BlackRock Canada will make the NAV and NAV per Unit for each iShares Fund available at no cost on the designated website for the iShares Funds, www.blackrock.com/ca, on every Canadian Trading Day.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Each Unit of an iShares Fund represents an equal beneficial interest in the net assets of the iShares Fund attributable to that class of Units. The iShares Funds are organized as trusts and Unitholders of the iShares Funds are not shareholders of a corporation. Each iShares Fund is entitled to issue an unlimited number of CAD Units. XFLI is also entitled to issue an unlimited number of USD Units. Unitholders of an iShares Fund that offers multiple classes of Units are Unitholders of a single trust and classes of Units are not referable to separate portfolios of assets.

The primary difference between CAD Units and USD Units is that the CAD Units are denominated in Canadian dollars and the USD Units are denominated in U.S. dollars. USD Units are offered as a convenience for investors who wish to purchase with U.S. dollars and receive distributions and the proceeds of sale or redemption in U.S. dollars. The USD Units are not hedged against changes in the exchange rate between the Canadian dollar and the U.S. dollar.

Subscriptions

All orders to purchase Units directly from the iShares Funds must be placed by Dealers. See “**Purchase of Units – Issuance of Units**”.

Certain Provisions of the Units

Each Unit of each class of an iShares Fund has identical rights and privileges. Each whole Unit of a class is entitled to one vote at all meetings of Unitholders, unless a Unitholder who, subject to compliance with applicable exemptive relief (see “**Exemptions and Approvals**”), holds (either alone or jointly) 20% or more of the issued and outstanding Units of a class of an iShares Fund. Such Unitholder may only vote up to 20% of the Units of such class on any matter to be voted on by Unitholders. Each whole Unit of a class is entitled to participate equally with respect to any and all distributions made by an iShares Fund to Unitholders of that class, other than Management Fee Distributions, including distributions of net income and net realized capital gains and distributions upon the termination of the iShares Fund or termination of a class of Units of an iShares Fund. Units are issued only as fully paid and are non-assessable.

Exchange of Units for Baskets

Unitholders of the iShares Funds may exchange the Prescribed Number of Units (or an integral multiple thereof) of any iShares Fund on any Trading Day for Baskets and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. See “**Exchange and Redemption of Units – Exchange of Units at NAV per Unit for Baskets and/or Cash**”.

Redemptions of Units for Cash

On any Trading Day, Unitholders may redeem Units of any iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the Exchange on the effective Trading Day for the redemption. However, a cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the

NAV per Unit of the applicable iShares Fund. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the Exchange through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a Unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the Exchange. See “**Exchange and Redemption of Units – Redemption of Units for Cash**”.

Exercise of Voting Rights over iShares ETFs

An iShares Fund may hold securities of one or more iShares ETFs. It is not permitted under NI 81-102 to exercise voting rights that attach to the securities of such iShares ETFs. BlackRock Canada may in its sole discretion in relation to certain voting matters make arrangements to enable Unitholders of the iShares Funds to exercise voting rights attaching to securities of an iShares ETF or for such voting rights to be otherwise exercised in accordance with Canadian securities legislation and any applicable exemptive relief.

Exercise of Voting Rights over Baskets

Unitholders will not have any right to vote securities held by the iShares Fund.

Modification of Terms

Except for changes to the Trust Document which require the approval of Unitholders as described under “**Unitholder Matters – Matters Requiring Unitholder Approval**” and the changes to the Trust Document described under “**Unitholder Matters – Amendments to the Trust Document**”, the Trust Document may be amended from time to time by BlackRock Canada in writing. BlackRock Canada must notify Unitholders of an iShares Fund at least 60 days prior to the effective date of certain amendments made to the Trust Document.

UNITHOLDER MATTERS

Meetings of Unitholders

Except as otherwise required by law, meetings of Unitholders of an iShares Fund will be held if called by BlackRock Canada upon written notice of not less than 21 days, nor more than 50 days, before the meeting.

Except as otherwise provided in the Trust Document, the Unitholders of an iShares Fund are entitled to one vote per whole Unit of such iShares Fund held by them on the record date established for voting at any meeting of such Unitholders.

Matters Requiring Unitholder Approval

Generally, matters may be required to be submitted to an iShares Fund’s Unitholders for approval pursuant to Canadian securities legislation and/or by the terms of an iShares Fund’s Trust Document.

Subject to applicable Canadian securities legislation and the terms of an iShares Fund’s Trust Document, a meeting of Unitholders of an iShares Fund is required to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the iShares Fund or directly to its Unitholders by the iShares Fund or BlackRock Canada in connection with the holding of Units of the iShares Fund is changed in a way that could result in an increase in charges to the iShares Fund or its Unitholders, except where:
 - (a) the iShares Fund is at arm’s length to the person or company charging the fee or expense;

- (b) the Unitholders have received written notice at least 60 days before the effective date of the change that is to be made that could result in an increase in charges to the iShares Fund; and
 - (c) the right to notice described in (b) is disclosed in the prospectus of the iShares Fund;
- (ii) a fee or expense, to be charged to the iShares Fund or directly to its Unitholders by the iShares Fund or BlackRock Canada in connection with the holding of Units of the iShares Fund that could result in an increase in charges to the iShares Fund or its Unitholders, is introduced, except where:
 - (a) the iShares Fund is at arm's length to the person or company charging the fee or expense;
 - (b) the Unitholders have received written notice at least 60 days before the effective date of the change that is to be made that could result in an increase in charges to the iShares Fund; and
 - (c) the right to notice described in (b) is disclosed in the prospectus of the iShares Fund;
- (iii) the manager of the iShares Fund is changed, unless the new manager of the iShares Fund is an affiliate of BlackRock Canada;
- (iv) the fundamental investment objectives of the iShares Fund are changed;
- (v) the iShares Fund reduces the frequency of the calculation of its NAV per Unit;
- (vi) subject to any further restriction in the Trust Document, the iShares Fund undertakes a reorganization with, or transfers its assets to, another issuer, if the iShares Fund ceases to continue after the reorganization or transfer of assets, and the transaction results in the Unitholders of the iShares Fund becoming securityholders in the other issuer, unless:
 - (a) the IRC of the iShares Fund has approved the change in accordance with NI 81-107;
 - (b) the iShares Fund is being reorganized with, or its assets are being transferred to, another investment fund that is subject to NI 81-102 and NI 81-107 and managed by BlackRock Canada, or an affiliate of BlackRock Canada;
 - (c) the Unitholders have received written notice of the change at least 60 days before the effective date of the change;
 - (d) the right to notice described in (c) is disclosed in the prospectus of the iShares Fund; and
 - (e) the reorganization or transfer of assets of the iShares Fund complies with certain other requirements of applicable Canadian securities legislation;
- (vii) subject to any further restriction in the Trust Document, the iShares Fund undertakes a reorganization with, or acquires assets from, another issuer, if the iShares Fund continues after the reorganization or acquisition of assets, the transaction results in the

securityholders of the other issuer becoming Unitholders of the iShares Fund, and the transaction would be a material change to the iShares Fund;

- (viii) the iShares Fund implements either of the following:
 - (a) a restructuring into a non-redeemable investment fund; or
 - (b) a restructuring into an issuer that is not an investment fund; and
- (ix) any other matter which is required by the Trust Document of the iShares Fund or by Canadian securities legislation or by any agreement to be submitted to a vote of the Unitholders of the iShares Fund.

Approval of the Unitholders of the iShares Fund will be deemed to have been given if expressed by resolution passed at a meeting of Unitholders of the iShares Fund duly called and held for the purpose of considering the same, by at least a majority of the votes cast.

Notwithstanding the foregoing, if the nature of the business to be transacted at a meeting affects Unitholders of one class in a manner materially different from its effect on Unitholders of another class, the Units of such affected class will be voted separately as a class.

Change of Auditor

The auditor of an iShares Fund may be changed without Unitholder approval if:

- (i) the IRC of the iShares Fund has approved the change in accordance with NI 81-107;
- (ii) the Unitholders have received written notice at least 60 days before the effective date of the change; and
- (iii) the right to notice described in (ii) is disclosed in the prospectus of the iShares Funds.

Amendments to the Trust Document

BlackRock Canada may amend the Trust Document from time to time in writing. BlackRock Canada must notify Unitholders of such funds at least 60 days prior to the effective date of certain amendments made to the Trust Document. None of the following shall occur in respect of such an iShares Fund unless duly approved by at least a majority of the Unitholders present in person or by proxy at a meeting of Unitholders which has been duly called and held for that purpose:

- (a) any modification, amendment, alteration or deletion of the rights, privileges or restrictions attaching to Units set out in the Trust Document that relate to certain voting and approval matters;
- (b) any change in the fundamental investment objectives of the iShares Fund set out in the Trust Document;
- (c) any increase in the amount of fees payable by an iShares Fund to BlackRock Canada in its capacity as trustee of the iShares Fund; and
- (d) any other matter in respect of which applicable Canadian securities legislation would require a Unitholder vote to be held.

Pursuant to the Trust Document of such iShares Funds, BlackRock Canada is not required to provide notice with respect to any amendment to such Trust Document that is (i) made to ensure continuing compliance with Canadian

securities legislation and other applicable laws in effect from time to time; (ii) intended to provide additional protection for Unitholders; or (iii) intended to deal with minor or clerical matters or to correct typographical mistakes, ambiguities or manifest omissions or errors or any amendment which, in the opinion of BlackRock Canada, is not prejudicial to Unitholders and is necessary or desirable.

Permitted Mergers

An iShares Fund may, without Unitholder approval, enter into a merger or other similar transaction with any Canadian investment fund which has a similar investment objective, valuation procedure and fee structure (a “**Permitted Merger**”), subject to:

- (a) approval of the merger by the IRC;
- (b) compliance with certain merger pre-approval conditions set out in Section 5.6 of NI 81-102; and
- (c) written notice being provided to Unitholders at least 60 days’ before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective NAVs for the purpose of such transaction.

Reporting to Unitholders

BlackRock Canada will generally make available on its designated website at www.blackrock.com/ca, the following information for each iShares Fund:

- NAV; and
- NAV per Unit.

The fiscal year end of the iShares Funds is December 31. The iShares Funds will deliver or make available to Unitholders: (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See “**Documents Incorporated by Reference**”.

Each Unitholder will also receive annually, from his or her broker, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by one or more iShares Funds in respect of the preceding taxation year of such iShares Fund(s).

TERMINATION OF THE iSHARES FUNDS

The rights of Unitholders to exchange and redeem Units of an iShares Fund described under “**Exchange and Redemption of Units**” will cease as and from the date of termination of that iShares Fund.

Each iShares Fund may be terminated by BlackRock Canada on not less than 60 days’ notice and not more than 90 days’ notice to Unitholders.

Upon termination of an iShares Fund or class of Units of an iShares Fund, the portfolio securities, cash and other assets remaining after paying or providing for all liabilities referable and obligations referable to the iShares Fund or class of Units of the iShares Fund, as applicable, will be distributed *pro rata* among the Unitholders of the iShares Fund or the class of Units of the iShares Fund, as applicable. Unitholders of the iShares Fund or class of Units of the iShares Fund, as applicable, may receive as a final distribution cash and/or portfolio assets as BlackRock Canada in its sole discretion may determine.

PLAN OF DISTRIBUTION

Conditional Listing Approval

The TSX has conditionally approved the listing of Units of the iShares Funds subject to fulfillment by the iShares Funds of all of the requirements of the TSX, including distribution of a minimum number of Units of the iShares Funds, by August 28, 2025. Once the Units are listed on the TSX, Units of the iShares Funds will be offered on a continuous basis.

Investors may be able to buy or sell Units of an iShares Fund on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling Units on the TSX. No fees are paid by a Unitholder to BlackRock Canada or the iShares Funds in connection with the buying or selling of Units on the TSX. Dealers may purchase a Prescribed Number of Units from an iShares Fund at the Net Asset Value per Unit. See “**Purchase of Units – Issuance of Units**”.

Constraints

In order for an iShares Fund to qualify and/or maintain its status as a mutual fund trust (for the purposes of the Tax Act), except in certain circumstances, the iShares Fund cannot be established or maintained primarily for the benefit of non-residents of Canada, partnerships that are not “Canadian partnerships” as defined in the Tax Act, or a combination thereof. No iShares Fund will accept any subscription for Units from any person or non-Canadian partnership, issue any Units to any person or non-Canadian partnership, or register or otherwise recognize the transfer of any Units to any person or non-Canadian partnership if prior to such subscription, issuance or transfer, BlackRock Canada determines that, after giving effect thereto, the percentage of Units beneficially owned, directly or indirectly, by persons who are non-residents of Canada, non-Canadian partnerships, or a combination thereof, would be more than 40% of the Units of an iShares Fund, or such other limit determined in the discretion of BlackRock Canada in respect of certain iShares Funds. The Trust Document includes a mechanism to permit BlackRock Canada, on behalf of the iShares Fund, to sell Units held by non-resident persons when their holdings result in contravention of this restriction. Notwithstanding the foregoing, BlackRock Canada may determine not to take any of the actions described above if BlackRock Canada has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the iShares Fund as a “mutual fund trust” for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the iShares Fund as a “mutual fund trust” for purposes of the Tax Act. The Units of the iShares Funds are not designed for, or intended to be held by, non-residents of Canada.

PRINCIPAL HOLDERS OF SECURITIES OF THE iSHARES FUNDS

CDS & Co., the nominee of CDS, will be the registered owner of the Units of all classes of the iShares Funds, which it will hold for various brokers and other persons on behalf of their clients and others. From time to time, a Dealer, an iShares ETF, BlackRock Canada or its affiliates, or another investment fund or account managed by BlackRock Canada or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of an iShares Fund.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

BlackRock Canada will comply with the procedures described below with respect to the voting of proxies received from issuers of securities held by the iShares Funds. If an iShares Fund receives a proxy (i) from an iShares ETF, BlackRock Canada will not vote the securities; or (ii) from another issuer, BlackRock Canada will vote the proxy in accordance with the BlackRock Global Corporate Governance & Engagement Principles (the “**Proxy Voting Guidelines**”) together with the regional or market-specific proxy voting guidelines adopted by BlackRock Canada and/or its affiliates.

The Proxy Voting Guidelines provide that BlackRock and its subsidiaries, including BlackRock Canada, seek to make proxy voting consistent with its fiduciary obligations, in the long-term economic interests of clients. When exercising voting rights, BlackRock Canada will normally vote on specific proxy issues in accordance with its proxy voting guidelines for the relevant market. BlackRock Canada may, however, in the exercise of its business judgment, conclude that the Proxy Voting Guidelines do not cover the specific matter upon which a proxy vote is requested or that an exception to the Proxy Voting Guidelines would be in the best long-term economic interests of BlackRock's clients.

The Proxy Voting Guidelines are divided into key themes which group together the issues that frequently appear on the agenda of annual and special meetings of shareholders. The key themes are summarized below.

- (a) **Boards and Directors** – BlackRock Canada believes that directors should stand for re-election on a regular basis. There should be detailed disclosure of the relevant credentials of the individual directors in order that shareholders can assess the background and qualifications of an individual nominee. BlackRock Canada expects there to be a sufficient number of diverse and independent directors on the board to ensure the protection of the interests of all shareholders.
- (b) **Accounting and Audit-Related Issues** – BlackRock Canada seeks to hold the audit committee of the board responsible for overseeing the management of the audit function at a company and the independence of the auditor.
- (c) **Capital Structure, Mergers, Asset Sales and Other Special Transactions** – BlackRock Canada will review merger and asset sales or other special transactions to determine the degree to which the proposed transaction enhances long term shareholder value. In its view, corporate mechanisms designed to limit shareholders' ability to sell their shares are contrary to basic property rights. BlackRock Canada expects any so-called "shareholder rights plans" being proposed by a board to be subject to shareholder approval on introduction and periodically thereafter for continuation.
- (d) **Compensation and Benefits** – BlackRock Canada expects a company's board of directors to put in place a compensation structure that encourages and rewards executives appropriately and is aligned with shareholder interests. BlackRock Canada expects the compensation committee to take into account the specific circumstances of the company and the key individuals the board is trying to incentivize and to encourage companies to ensure that their compensation packages incorporate appropriate and challenging performance conditions consistent with corporate strategy and market practice.
- (e) **Material Sustainability-Related Risks and Opportunities** – It is BlackRock Canada's view that well-managed companies will effectively evaluate and manage material sustainability-related risks and opportunities relevant to their businesses. Appropriate oversight of sustainability considerations is a core component of having an effective governance framework, which supports durable, long-term value creation. Robust disclosure is essential for investors to effectively evaluate companies' strategy and business practices related to material sustainability-related risks and opportunities. Given the increased understanding of material sustainability-related risks and opportunities and the need for better information to assess them, BlackRock Canada advocates for continued improvement in companies' reporting, where necessary, and will express any concerns through our voting where a company's actions or disclosures are inadequate.
- (f) **General Corporate Governance Matters and Shareholder Protections** – BlackRock Canada believes that shareholders have a right to timely and detailed information on the financial performance and situation of the companies in which they invest. In addition, companies should also publish information on the governance structures in place and the rights of shareholders to voice their opinions on these matters. BlackRock Canada considers, as fundamental, shareholders' rights to vote, including on changes to governance mechanisms. Shareholders should also have the ability

to submit proposals at annual and special meetings and to call a special meeting of shareholders where certain minimum thresholds are met.

At a minimum BlackRock Canada expects companies to observe the accepted corporate governance standard in their domestic market or to explain why doing so is not in the interests of shareholders.

BlackRock Canada carefully considers proxies submitted to the iShares Funds and other fiduciary accounts for which it has voting authority. BlackRock Canada votes (or refrains from voting) proxies for each iShares Fund for which it has voting authority based on BlackRock Canada’s evaluation of the best long-term economic interests of shareholders, in the exercise of its independent business judgment, and without regard to the relationship of the issuer of the proxy (or any dissident shareholder) to the iShares Fund, the iShares Fund’s affiliates (if any), BlackRock or BlackRock’s affiliates. A random sample of votes cast by the iShares Funds is periodically reviewed by an independent entity that did not cast the vote in order to compare against the Proxy Voting Guidelines. This review is provided to the Investment Stewardship Global Oversight Committee (the “Committee”), which oversees BlackRock’s proxy voting in the U.S. and Canada. Any exceptions to the Proxy Voting Guidelines would be reported to the Committee via this mechanism, and any material exceptions deemed relevant to the iShares Funds would be reported to the iShares Funds by the BlackRock Investment Stewardship team after being approved by the Committee.

Since an iShares Fund may hold securities of one or more iShares ETFs, it is not permitted under NI 81-102 to exercise voting rights that attach to the securities of such iShares ETFs. BlackRock Canada may in its sole discretion in relation to certain voting matters make arrangements to enable Unitholders of the iShares Funds to exercise voting rights attaching to securities of an iShares ETF or for such voting rights to be otherwise exercised in accordance with applicable law and any applicable exemptive relief.

BlackRock Canada will maintain records of, and provide reports on, votes cast by the iShares Funds. These records are prepared annually for the most recent period ended June 30th and are available upon request any time after August 31st of each year. Such records are also posted on the iShares Funds’ website at www.blackrock.com/ca, in accordance with Canadian securities legislation.

MATERIAL CONTRACTS

The following table summarizes the material contracts for the iShares Funds.

Contract	Purpose	Dated
Master declaration of trust with respect to all iShares Funds	The creation, issue, trading, exchange and redemption of Units of the iShares Funds are provided for in the master declaration of trust made by BlackRock Canada.	Amended and restated as of September 16, 2024
Investment Sub-Advisory Agreement	BTC has been appointed to provide investment management and/or investment advisory services to the iShares Funds.	Amended and restated as of September 16, 2024
Custody Agreement	SSTCC is custodian of the iShares Funds and provides certain services, including fund accounting and other services.	April 13, 2018, as amended
BTC Securities Lending Authorization Agreement	Each iShares Fund may engage in securities lending pursuant to a securities lending authorization agreement between BlackRock Canada and BTC.	Amended and restated as of September 16, 2024
BAL Securities Lending Authorization Agreement	Each iShares Fund may engage in securities lending pursuant to a securities lending authorization agreement between BlackRock Canada and BAL.	Amended and restated as of September 16, 2024

EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the iShares Funds and BlackRock Canada, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “**Income Tax Considerations**”.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, the auditor of the iShares Funds, has consented to use of their report on the iShares Funds dated September 16, 2024.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, has confirmed that it is independent with respect to the iShares Funds within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

EXEMPTIONS AND APPROVALS

Each iShares Fund has received exemptive relief from the securities regulatory authorities for the following practices:

- (a) to permit the use of the word “shares” in the name of each iShares Fund;
- (b) to relieve the iShares Funds from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to relieve BlackRock Canada from the dealer registration requirement provided that BlackRock Canada complies with Part 15 of NI 81-102;
- (d) to enable the purchase by a Unitholder of more than 20% of the Units of any iShares Fund through purchases on the Exchange without regard to the takeover bid requirements of applicable Canadian securities legislation provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of that iShares Fund at any meeting of Unitholders;
- (e) to permit an iShares Fund to purchase certain non-exchange-traded debt securities of related issuers in the secondary market, provided that certain conditions are met, including that the purchase and holding are consistent with the investment objectives of the iShares Fund, BlackRock Canada and the IRC comply with certain provisions of NI 81-107, the price payable for the security is not more than its ask price determined in accordance with the relief, the transaction complies with applicable market integrity requirements in NI 81-107 and certain filings are made with securities regulatory authorities;
- (f) to permit an iShares Fund to purchase certain exchange-traded securities of related issuers in the secondary market, provided that certain conditions are met, including that the purchase and holding are consistent with the investment objectives of the iShares Fund, the IRC has approved the transaction in accordance with Section 5.2(2) of NI 81-107, the purchase is made on an exchange on which the securities are listed and traded and certain filings are made with securities regulatory authorities;
- (g) to permit an iShares Fund to purchase debt securities from or sell debt securities to another mutual fund to which NI 81-102 does not apply and of which BlackRock Canada is the investment fund manager, provided that certain conditions are met, including that the IRC and the independent review committee of the other mutual fund have approved the transaction in accordance with Section 5.2(2) of NI 81-107 and that the transaction complies with paragraphs (c) to (g) of Section 6.1(2) of NI 81-107;

- (h) to permit an iShares Fund to purchase securities from, or sell securities to, certain accounts managed by BlackRock Canada or certain of its affiliates and to engage in certain *in specie* transactions with such managed accounts, provided that certain conditions are met;
- (i) to permit the iShares Funds to purchase securities of the Dublin iShares Funds and to purchase securities of other funds that hold more than 10% of their NAV in securities of one or more Dublin iShares Funds, provided that certain conditions are met, including that (i) the investment of such iShares Fund in securities of the Dublin iShares Fund is made in accordance with the fundamental investment objectives of each of the iShares Funds; (ii) securities of the Dublin iShares Funds qualify as index participation units within the meaning of NI 81-102 but for the fact that they are traded on a stock exchange in the United Kingdom; (iii) none of the Dublin iShares Funds are synthetic ETFs (meaning that they will not principally rely on an investment strategy that makes use of swaps or other derivatives to gain an indirect financial exposure to the return of an index); (iv) direct or indirect investments by such iShares Fund in the securities of one or more Dublin iShares Funds comply with NI 81-102 as if such securities were index participation units within the meaning of NI 81-102; and (v) such iShares Funds will not acquire any additional securities and will dispose of any securities of the Dublin iShares Funds in an orderly and prudent manner if there is a significant change to the regulatory regime applicable to the Dublin iShares Funds that results in a less restrictive regulatory regime compared to the current regime and has a material impact on the management or operation of such Dublin iShares Funds;
- (j) to relieve BlackRock Canada from the requirement to include in this prospectus a statement regarding purchasers' statutory rights of withdrawal and remedies of rescission or damages in the form prescribed by Form 41-101F2 – Information Required in an Investment Fund Prospectus;
- (k) to permit the iShares Funds, as applicable, to reference in their sales communications Lipper, Inc. (“**Lipper**”) leader ratings and Lipper awards (where such an iShares Fund has been awarded a Lipper award), provided that certain conditions are met;
- (l) to permit an iShares Fund that invests a portion of its portfolio assets in T+3 Securities to settle primary market trades in Units of such iShares Fund no later than the third business day after the date upon which pricing for the Units is determined;
- (m) to permit an iShares Fund to invest in securities of a U.S. iShares Fund that may hold more than 10% of its NAV in securities of one or more U.S. Money Market Funds, provided that certain conditions are met, including that (i) the investment by an iShares Fund in securities of a U.S. iShares Fund is in accordance with the fundamental investment objectives of the iShares Fund; (ii) the U.S. iShares Fund is an exchange-traded fund subject to the U.S. Investment Company Act, in good standing with the SEC; and (iii) the U.S. iShares Fund will not, at the time securities of the U.S. iShares Fund are acquired by an iShares Fund, hold more than 10% of its NAV in securities of any other investment funds other than securities of one or more U.S. Money Market Funds or investment funds that issue index participation units;
- (n) to relieve the iShares Funds from complying with leverage constraint that applies to alternative mutual funds in NI 81-102 (i.e., an alternative mutual fund's aggregate exposure to cash borrowing, short selling and the notional value of specified derivative transactions must not exceed 300% of the fund's NAV) provided that certain conditions are met, including that (i) the portfolio manager of BINC is BFA or any affiliate, or their respective successors, that is registered with the SEC under the U.S. Investment Advisers Act of 1940, (ii) the portfolio manager of BINC appoints a derivatives risk manager and such portfolio manager and BINC comply with the Relative VaR Test in accordance with Rule 18f-4 under the U.S. Investment Company Act (the “**SEC Rule**”); (iii) BlackRock Canada discloses in the iShares Funds' prospectus and ETF facts document the maximum VaR that each iShares Fund is permitted to incur, and BlackRock Canada discloses in the annual and interim MRFP of each iShares Fund the maximum amount of VaR incurred by each

iShares Fund over the applicable period, (iv) BlackRock Canada notifies the Ontario Securities Commission within one business day of being advised by the sub-adviser of the iShares Funds that BINC is offside the Relative VaR Test for more than five consecutive days, and (v) BlackRock Canada promptly (e.g. within 24 hours) provides the Ontario Securities Commission with any other information that it may request regarding the iShares Funds' direct or indirect investments in BINC and the inter-month calculations and risk metrics that BINC is using (the “**Leverage Relief**”); and

- (o) to permit an iShares Fund to invest, directly (in the case of XFLI) or indirectly through XFLI (in the case of XFLX), up to 100% of its NAV in securities of BINC which itself may hold more than 10% of its NAV in securities of one or more other investment funds (“**Bottom Tier Funds**”), provided that certain conditions are met, including that (i) the investment by XFLI in securities of BINC is in accordance with the investment objectives of XFLI, (ii) the iShares Fund only invests directly in BINC (in the case of XFLI) or XFLI (in the case of XFLX), cash, cash equivalents and specified derivatives used to equitize cash or to hedge risks associated with the portfolio holdings of XFLI (in the case of XFLX), BINC and/or Bottom Tier Funds, but does not hold directly any other portfolio securities, (iii) BINC is an investment company subject to the U.S. Investment Company Act and in good standing with the SEC, (iv) the portfolio manager of BINC is BFA or any affiliate, or their respective successors, that is registered with the SEC under the U.S. Investment Advisers Act of 1940, (v) BINC is managed in a manner that is consistent with the investment restrictions of sections 2.1, 2.2, 2.3 and 2.4 of NI 81-102, as such provisions apply to alternative mutual funds, except to the extent that BINC may exceed the leverage limits in accordance with the SEC Rule, (vi) BINC will not, at the time securities of BINC are acquired by an iShares Fund, hold more than 10% of its NAV in securities of any other investment funds other than securities of a money market fund or a mutual fund that issues index participation units, except to the extent that discretionary relief has been granted from any such requirement, (vii) no management fees or incentive fees are payable by the iShares Funds that, to a reasonable person, would duplicate a fee payable by another investment fund in the fund-of-fund structures for the same service, (viii) the iShares Fund's investments in securities of BINC (in the case of XFLI) or XFLI (in the case of XFLX) are otherwise made in compliance with all other requirements of section 2.5 of NI 81-102, except to the extent that discretionary relief has been granted from any such requirement, and (ix) the final long form prospectus of the iShares Fund discloses, in the investment strategy section, the fact that the iShares Fund has obtained this relief to permit investments in BINC (in the case of XFLI) or XFLI (in the case of XFLX) (such relief in respect of XFLI, the “**Three-Tier Relief**” and such relief in respect of XFLX, the “**Four-Tier Relief**”).

OTHER MATERIAL FACTS

Licensing and Trademark Matters

“iShares®” is a registered trademark of BlackRock, Inc. or its subsidiaries in the U.S. or elsewhere. Used with permission.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides a purchaser with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the Canadian securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the Canadian securities legislation of the purchaser's province or territory.

However, BlackRock Canada has obtained exemptive relief from the requirement in Canadian securities legislation to include an underwriter's certificate in this prospectus under a decision pursuant to National Policy 11-203 - *Process*

for Exemptive Relief Applications in Multiple Jurisdictions. See “**Exemptions and Approvals**”. As such, purchasers of Units will not be able to rely on the inclusion of an underwriter’s certificate in this prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that signed an underwriter’s certificate.

Purchasers should refer to the applicable provisions of the Canadian securities legislation and the decision referred to above for the particulars of their rights or consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which an iShares Fund is in continuous distribution, additional information will be available in:

- (a) the most recently filed ETF Facts for each of the iShares Funds;
- (b) the most recently filed comparative annual financial statements of the iShares Funds, together with the accompanying report of the auditor;
- (c) any interim financial statements of the iShares Funds filed after the most recently filed comparative annual financial statements of the iShares Funds;
- (d) the most recently filed annual MRFP of the iShares Funds; and
- (e) any interim MRFP of the iShares Funds filed after the most recently filed annual MRFP of the iShares Funds.

These documents are incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. Copies of the foregoing documents are or will be publicly available on the iShares Funds’ designated website at www.blackrock.com/ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are or will be publicly available at www.sedarplus.com.

The documents listed above (which are incorporated by reference in this prospectus) may, as of the date of the filing of this prospectus, contain statements that are modified by this prospectus or by a subsequently filed document listed above, and this modification may not be explicitly highlighted. The subsequent modification of a statement incorporated by reference in this prospectus should not be deemed an admission that the previous, unmodified statement, when first made, constituted a misrepresentation or was an untrue statement or omission of a material fact. Where a statement made in a document listed above is modified as described, this prospectus should be read as only incorporating by reference the latest version of that statement.

ETF PROFILES

This section of the prospectus contains descriptions of each iShares Fund in the form of individual ETF profiles.

iShares Flexible Monthly Income ETF (“XFLI”)

ETF Details

<i>Primary Listing Exchange</i>	TSX
<i>Ticker Symbol(s)</i> :	XFLI (CAD Units); XFLI.U (USD Units)
<i>Annual Management Fee</i> :	0.55% of NAV*
<i>Available Optional Plan</i> :	DRIP

*If applicable, BlackRock Canada or an affiliate is entitled to receive a fee for acting as manager of each iShares ETF in which this iShares Fund may invest (an “**underlying product fee**” and together with the management fee payable to BlackRock Canada, the “**total annual fee**”). As the underlying product fees are embedded in the market value of the iShares ETFs in which this iShares Fund may invest, any underlying product fees are borne indirectly by this iShares Fund. BlackRock Canada will adjust the management fee payable to it by this iShares Fund to ensure that the total annual fees paid directly or indirectly to BlackRock Canada and its affiliates by this iShares Fund will not exceed the percentage of the NAV set out above. The total annual fee is exclusive of HST. Any underlying product fees borne indirectly by this iShares Fund are calculated and accrued daily and are paid not less than annually.

Investment Objectives

XFLI seeks to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation.

Investment Strategies

XFLI is an “alternative mutual fund” for securities law purposes. Accordingly, XFLI has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer and to use leverage through the use of cash borrowings, short sales and derivatives. While these strategies will only be used in accordance with its investment objectives and strategies, during certain market conditions they may accelerate the risk that an investment in Units of XFLI decreases in value.

XFLI invests primarily in one or more iShares ETFs or directly in fixed income securities. Currently, XFLI invests all or substantially all of its assets in BINC pursuant to the terms of the Three-Tier Relief. XFLI will also comply with the terms of the Leverage Relief. The Leverage Relief requires that BINC applies the Relative VaR Test in managing its leverage which requires that the VaR of its portfolio does not exceed 200% of the VaR of its Designated Reference Portfolio. See “**Exemptions and Approvals**”.

Exposure to income-producing investments may also be obtained by investing directly, investing in securities of one or more iShares ETFs and/or through the use of derivatives. XFLI may use derivatives, such as futures contracts, options (including, but not limited to, options on futures and swaps) and various other instruments including, but not limited to, interest rate, total return, credit default and credit default index swaps (which can be used to transfer the credit risk of a security without actually transferring ownership of the security or to customize exposure to a particular credit risk) and indexed and inverse floating-rate securities. XFLI may also invest in derivatives based on foreign currencies. In addition, XFLI may use derivatives and short sales to enhance returns as part of an overall investment strategy or to offset a potential decline in the value of other holdings (commonly referred to as a “hedge”), although XFLI is not required to hedge and may choose not to do so.

XFLI may invest, directly or indirectly, in bonds of any maturity or duration. XFLI targets an average portfolio duration that is between 1 and 5 years.

XFLI may engage in active and frequent trading of portfolio securities to achieve its primary investment strategies.

More information on these investment strategies and additional investment strategies that may be used by BlackRock Canada and/or BTC in managing this iShares Fund can be found under the heading “**Investment Strategies**”.

Overview of What the ETF Invests In

Under normal market conditions, XFLI will generally invest, directly or indirectly, in a combination of fixed-income securities, including, but not limited to: high yield securities; obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities; mortgage-backed securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, including U.S. agency mortgage pass-through securities; CMBS, non-agency residential mortgage-backed securities; TBAs; municipal securities; securitized assets such as asset-backed securities; dollar-denominated and non-dollar-denominated debt obligations of U.S. or foreign issuers, including emerging market issuers; and money market securities. Depending on market conditions, XFLI may invest in other market sectors.

XFLI may invest, directly or indirectly, up to 20% of its assets in U.S.-domiciled, U.S.-registered dollar-denominated investment grade corporate bonds, U.S. Treasury securities, U.S. agency securities and U.S. agency mortgage-backed securities. XFLI may invest, directly or indirectly, without limit in securities rated below investment grade or which are deemed to be of comparable quality by BlackRock Canada or an affiliate (“high yield” or “junk” bonds) at the time of purchase. BlackRock Canada or an affiliate considers split rated bonds (bonds that receive different ratings from two or more rating agencies) to have the lower credit rating.

XFLI may invest in bonds of any maturity or duration. XFLI targets an average portfolio duration that is between 1 and 5 years.

XFLI may invest, directly or indirectly, up to 10% of its assets in preferred securities. XFLI may invest, directly or indirectly, in CDOs, including up to 15% of its assets in CLOs. CDOs are types of asset-backed securities. CLOs are ordinarily issued by a trust or other special purpose entity and are typically collateralized by a pool of loans, which may include, among others, domestic and non-U.S. senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans, held by such issuer. XFLI may also invest, directly or indirectly, up to 15% of its assets in floating rate loans. XFLI may invest, directly or indirectly, in other types of floating rate instruments without limit.

Investment Restrictions Specific to the ETF

XFLI is subject to the general restrictions applicable to each iShares Fund as described under the heading “**Investment Restrictions**”.

Risk Factors

XFLI is an “alternative mutual fund” for securities law purposes and is permitted to use strategies generally prohibited for conventional mutual funds, such as the ability to borrow cash, to short sell beyond the limited prescribed for conventional mutual funds and to generally employ leverage including through the use of derivatives. While these strategies will only be used in accordance with the investment objectives and strategies of the XFLI, during certain market conditions they may accelerate the risk that an investment in XFLI decreases in value.

In addition to the risk factors described under the headings “**Risk Factors – General Risks Relating to an Investment in the iShares Funds**”, the following risk factor described more fully under the heading “**Risk Factors – Risks Relating to an Investment in Specific iShares Funds**” is applicable to XFLI:

- USD Units Risk (applicable to USD Units only)

Distribution Policy

XFLI expects to pay cash distributions on a monthly basis. Additional information on the distribution policy applicable to each iShares Fund is available under the heading “**Distribution Policy**”.

iShares Flexible Monthly Income ETF (CAD-Hedged) (“XFLX”)

ETF Details

<i>Primary Listing Exchange</i>	TSX
<i>Ticker Symbol(s):</i>	XFLX (CAD Units)
<i>Annual Management Fee:</i>	0.55% of NAV*
<i>Available Optional Plan:</i>	DRIP

*If applicable, BlackRock Canada or an affiliate is entitled to receive a fee for acting as manager of each iShares ETF in which this iShares Fund may invest (an “**underlying product fee**” and together with the management fee payable to BlackRock Canada, the “**total annual fee**”). As the underlying product fees are embedded in the market value of the iShares ETFs in which this iShares Fund may invest, any underlying product fees are borne indirectly by this iShares Fund. BlackRock Canada will adjust the management fee payable to it by this iShares Fund to ensure that the total annual fees paid directly or indirectly to BlackRock Canada and its affiliates by this iShares Fund will not exceed the percentage of the NAV set out above. The total annual fee is exclusive of HST. Any underlying product fees borne indirectly by this iShares Fund are calculated and accrued daily and are paid not less than annually.

Investment Objectives

XFLX seeks to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation. XFLX seeks to hedge any resulting U.S. dollar currency exposure, as applicable, back to Canadian dollars.

Investment Strategies

XFLX is an “alternative mutual fund” for securities law purposes. Accordingly, XFLX has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer and to use leverage through the use of cash borrowings, short sales and derivatives. While these strategies will only be used in accordance with its investment objectives and strategies, during certain market conditions they may accelerate the risk that an investment in Units of XFLX decreases in value.

XFLX invests primarily in one or more iShares ETFs or directly in fixed income securities. Currently, XFLX invests all or substantially all of its assets in XFLI pursuant to the terms of the Four-Tier Relief. XFLX will also comply with the terms of the Leverage Relief. The Leverage Relief requires that BINC applies the Relative VaR Test in managing its leverage which requires that the VaR of its portfolio does not exceed 200% of the VaR of its Designated Reference Portfolio. See “**Exemptions and Approvals**”.

Exposure to income-producing investments may also be obtained by investing directly, investing in securities of one or more iShares ETFs and/or through the use of derivatives. XFLX may use derivatives, such as futures contracts, options (including, but not limited to, options on futures and swaps) and various other instruments including, but not limited to, interest rate, total return, credit default and credit default index swaps (which can be used to transfer the credit risk of a security without actually transferring ownership of the security or to customize exposure to a particular credit risk) and indexed and inverse floating-rate securities. XFLX may also invest in derivatives based on foreign currencies. In addition, XFLX may use derivatives and short sales to enhance returns as part of an overall investment strategy or to offset a potential decline in the value of other holdings (commonly referred to as a “hedge”), although XFLX is not required to hedge and may choose not to do so.

XFLX may invest, directly or indirectly, in bonds of any maturity or duration. XFLX targets an average portfolio duration that is between 1 and 5 years.

XFLX may engage in active and frequent trading of portfolio securities to achieve its primary investment strategies.

XFLX employs a Currency Hedging Strategy with respect to U.S. dollar currency exposure.

iShares Flexible Monthly Income ETF (CAD-Hedged) (“XFLX”)

More information on these investment strategies and additional investment strategies that may be used by BlackRock Canada and/or BTC in managing this iShares Fund can be found under the heading “**Investment Strategies**”.

Overview of What the ETF Invests In

Under normal market conditions, XFLX will generally invest, directly or indirectly, in a combination of fixed-income securities, including, but not limited to: high yield securities; obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities; mortgage-backed securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, including U.S. agency mortgage pass-through securities; CMBS, non-agency residential mortgage-backed securities; TBAs; municipal securities; securitized assets such as asset-backed securities; dollar-denominated and non-dollar-denominated debt obligations of U.S. or foreign issuers, including emerging market issuers; and money market securities. Depending on market conditions, XFLX may invest in other market sectors.

XFLX may invest, directly or indirectly, up to 20% of its assets in U.S.-domiciled, U.S.-registered dollar-denominated investment grade corporate bonds, U.S. Treasury securities, U.S. agency securities and U.S. agency mortgage-backed securities. XFLX may invest, directly or indirectly, without limit in securities rated below investment grade or which are deemed to be of comparable quality by BlackRock Canada or an affiliate (“high yield” or “junk” bonds) at the time of purchase. BlackRock Canada or an affiliate considers split rated bonds (bonds that receive different ratings from two or more rating agencies) to have the lower credit rating.

XFLX may invest in bonds of any maturity or duration. XFLX targets an average portfolio duration that is between 1 and 5 years.

XFLX may invest, directly or indirectly, up to 10% of its assets in preferred securities. XFLX may invest, directly or indirectly, in CDOs, including up to 15% of its assets in CLOs. CDOs are types of asset-backed securities. CLOs are ordinarily issued by a trust or other special purpose entity and are typically collateralized by a pool of loans, which may include, among others, domestic and non-U.S. senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans, held by such issuer. XFLX may also invest, directly or indirectly, up to 15% of its assets in floating rate loans. XFLX may invest, directly or indirectly, in other types of floating rate instruments without limit.

Investment Restrictions Specific to the ETF

XFLX is subject to the general restrictions applicable to each iShares Fund as described under the heading “**Investment Restrictions**”.

Risk Factors

XFLX is an “alternative mutual fund” for securities law purposes and is permitted to use strategies generally prohibited for conventional mutual funds, such as the ability to borrow cash, to short sell beyond the limited prescribed for conventional mutual funds and to generally employ leverage including through the use of derivatives. While these strategies will only be used in accordance with the investment objectives and strategies of the XFLX, during certain market conditions they may accelerate the risk that an investment in XFLX decreases in value.

In addition to the risk factors described under the headings “**Risk Factors – General Risks Relating to an Investment in the iShares Funds**”, the following risk factor described more fully under the heading “**Risk Factors – Risks Relating to an Investment in Specific iShares Funds**” is applicable to XFLX:

- Currency Hedging Strategies Risk

Distribution Policy

XFLX expects to pay cash distributions on a monthly basis. Additional information on the distribution policy applicable to each iShares Fund is available under the heading “**Distribution Policy**”.



Independent auditor's report

To the Unitholder and Trustee of
iShares Flexible Monthly Income ETF
iShares Flexible Monthly Income ETF (CAD-Hedged)
(individually, a Fund)

Our opinion

In our opinion, the accompanying financial statement of each Fund presents fairly, in all material respects, the financial position of each Fund as at September 16, 2024 in accordance with those requirements of IFRS Accounting Standards relevant to preparing a statement of financial position.

What we have audited

The financial statement of each Fund comprises the statement of financial position as at September 16, 2024 and the notes to the financial statement, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statement* 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 are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - basis of accounting

We draw to users' attention the fact that the financial statement of each Fund does not comprise a full set of financial statements prepared in accordance with IFRS Accounting Standards. Our opinion is not modified in respect of this matter.

 PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the financial statement

Management is responsible for the preparation and fair presentation of the financial statement of each Fund in accordance with those requirements of IFRS Accounting Standards relevant to preparing a statement of financial position, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

Auditor's responsibilities for the audit of the financial statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole for each Fund is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Canadian generally accepted auditing standards 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 the financial statement of each Fund.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern.



If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement of each Fund, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
September 16, 2024

**iShares Flexible Monthly Income ETF
STATEMENT OF FINANCIAL POSITION**

As at September 16, 2024

	iShares Flexible Monthly Income ETF
Assets	
Current Assets	
Cash	\$40
Total Assets	\$40
	\$40
Net assets attributable to holders of redeemable Canadian dollar denominated units	

Notes:

- (1) iShares Flexible Monthly Income ETF (the “Fund”) was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of September 16, 2024. The address of the Fund’s registered office is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario, M5J 2S1.

The Fund seeks to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation.

This statement of financial position as at September 16, 2024 was authorized for issue by BlackRock Asset Management Canada Ltd. (“**BlackRock Canada**”), the trustee, manager and portfolio adviser of the Fund, on September 16, 2024.

- (2) BlackRock Canada subscribed for one redeemable Canadian dollar denominated unit of the Fund at \$40 per unit on September 16, 2024.
- (3) The statement of financial position of the Fund has been prepared in accordance with IFRS Accounting Standards relevant to preparing such statement of financial position. IFRS Accounting Standards requires management to exercise its judgement in the process of applying the Fund’s accounting policies. The following is a summary of material accounting policy information used by the Fund:

Functional Currency and Presentation Currency

The statement of financial position is presented in Canadian dollars, which is the Fund’s functional and presentation currency.

Cash

Cash comprises demand deposits with a financial institution. It is measured at amortized cost subsequent to initial recognition.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Classification of Redeemable Units

On any trading day, the Fund's outstanding redeemable units are redeemable by unitholders for cash at a redemption price per redeemable unit equal to 95% of the closing price for the applicable redeemable units on the TSX on the effective day of the redemption. However, a cash redemption request will be subject to a maximum redemption price payable to a unitholder of the net asset value per unit of the Fund. Such reduced redemption price causes cash flows on redemption not to be substantially based on net asset value and thus the units are classified as financial liabilities in accordance with the requirements of International Accounting Standards 32 *Financial Instruments: Presentation*.

- (4) BlackRock Canada is entitled to receive a fee for acting as trustee, manager and portfolio adviser of the Fund. The management fee is based on a percentage of the net asset value of the Fund and is 0.55%. The management fee for the Fund is calculated and accrued daily and generally paid monthly, but in any case not less than quarterly. The management fee is exclusive of HST.
- (5) Risks associated with financial instruments

As at the date of the statement of financial position, the Fund held its small asset base in cash. As such, it did not have exposure to significant financial instrument risks. The financial instrument risks, when the Fund is fully invested, may not reflect those at the date of the statement of financial position. When invested, the Fund may be exposed to liquidity and market risks, among others.

Credit risk

The Fund is exposed to credit risk, which 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. As at September 16, 2024, the credit risk is considered limited as the cash balance represents a deposit with State Street Trust Company Canada.

Capital risk management

Units issued and outstanding represent the capital of the Fund.

A trading day for the Fund is each day on which (i) a session of the Toronto Stock Exchange is held; and (ii) the primary market or exchange for the securities held by the Fund is open for trading ("**Trading Day**"). On any Trading Day, the dealer may place a subscription order or an exchange request for a minimum of a prescribed number of units or for an integral multiple of the prescribed number of units of the Fund.

If the subscription order or exchange request is accepted and, in the case of a subscription order, the purchase price has been received, the Fund will either deliver the issued units or pay the proceeds to the dealer by no later than the first Trading Day after the date on which the subscription order or exchange request is effective. For each prescribed number of units issued or exchanged, the dealer must deliver or receive payment consisting of a basket of applicable securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the net asset value of the units, or cash in the amount equal to the net asset value of the units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) TRACEY GRANT
Director

(SIGNED) HELEN HAYES
Director

**iShares Flexible Monthly Income ETF (CAD-Hedged)
STATEMENT OF FINANCIAL POSITION**

As at September 16, 2024

	iShares Flexible Monthly Income ETF (CAD-Hedged)
Assets	
Current Assets	
Cash	\$40
Total Assets	\$40
Net assets attributable to holders of redeemable Canadian dollar denominated units	\$40

Notes:

(1) iShares Flexible Monthly Income ETF (CAD-Hedged) (the “**Fund**”) was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of September 16, 2024. The address of the Fund’s registered office is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario, M5J 2S1.

The Fund seeks to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation. The Fund seeks to hedge any resulting U.S. dollar or other foreign currency exposure, as applicable, back to Canadian dollars.

This statement of financial position as at September 16, 2024 was authorized for issue by BlackRock Asset Management Canada Ltd. (“**BlackRock Canada**”), the trustee, manager and portfolio adviser of the Fund, on September 16, 2024.

(2) BlackRock Canada subscribed for one redeemable Canadian dollar denominated unit of the Fund at \$40 per unit on September 16, 2024.

(3) The statement of financial position of the Fund has been prepared in accordance with IFRS Accounting Standards relevant to preparing such statement of financial position. IFRS Accounting Standards requires management to exercise its judgement in the process of applying the Fund’s accounting policies. The following is a summary of material accounting policy information used by the Fund:

Functional Currency and Presentation Currency

The statement of financial position is presented in Canadian dollars, which is the Fund’s functional and presentation currency.

Cash

Cash comprises demand deposits with a financial institution. It is measured at amortized cost subsequent to initial recognition.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Classification of Redeemable Units

On any trading day, the Fund's outstanding redeemable units are redeemable by unitholders for cash at a redemption price per redeemable unit equal to 95% of the closing price for the applicable redeemable units on the TSX on the effective day of the redemption. However, a cash redemption request will be subject to a maximum redemption price payable to a unitholder of the net asset value per unit of the Fund. Such reduced redemption price causes cash flows on redemption not to be substantially based on net asset value and thus the units are classified as financial liabilities in accordance with the requirements of International Accounting Standards 32 *Financial Instruments: Presentation*.

- (4) BlackRock Canada is entitled to receive a fee for acting as trustee, manager and portfolio adviser of the Fund. The management fee is based on a percentage of the net asset value of the Fund and is 0.55%. The management fee for the Fund is calculated and accrued daily and generally paid monthly, but in any case not less than quarterly. The management fee is exclusive of HST.
- (5) Risks associated with financial instruments

As at the date of the statement of financial position, the Fund held its small asset base in cash. As such, it did not have exposure to significant financial instrument risks. The financial instrument risks, when the Fund is fully invested, may not reflect those at the date of the statement of financial position. When invested, the Fund may be exposed to liquidity and market risks, among others.

Credit risk

The Fund is exposed to credit risk, which 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. As at September 16, 2024, the credit risk is considered limited as the cash balance represents a deposit with State Street Trust Company Canada.

Capital risk management

Units issued and outstanding represent the capital of the Fund.

A trading day for the Fund is each day on which (i) a session of the Toronto Stock Exchange is held; and (ii) the primary market or exchange for the securities held by the Fund is open for trading ("**Trading Day**"). On any Trading Day, the dealer may place a subscription order or an exchange request for a minimum of a prescribed number of units or for an integral multiple of the prescribed number of units of the Fund.

If the subscription order or exchange request is accepted and, in the case of a subscription order, the purchase price has been received, the Fund will either deliver the issued units or pay the proceeds to the dealer by no later than the first Trading Day after the date on which the subscription order or exchange request is effective. For each prescribed number of units issued or exchanged, the dealer must deliver or receive payment consisting of a basket of applicable securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the net asset value of the units, or cash in the amount equal to the net asset value of the units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) TRACEY GRANT
Director

(SIGNED) HELEN HAYES
Director

CERTIFICATE OF THE iSHARES FUNDS, TRUSTEE AND THE MANAGER

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut.

Dated the 16th day of September, 2024.

BLACKROCK ASSET MANAGEMENT CANADA LIMITED
as Trustee and Manager of the iShares Funds

(SIGNED) MARCIA MOFFAT
Chief Executive Officer

(SIGNED) MARINA STEWART
Chief Financial Officer

On behalf of the Board of Directors of
BlackRock Asset Management Canada Limited

(SIGNED) HELEN HAYES
Director

(SIGNED) TRACEY GRANT
Director