

iShares Trust Australian Prospectus No. 1



**Dated: 4 December 2017**

iShares China Large-Cap ETF (ASX: IZZ)

iShares MSCI EAFE ETF (ASX: IVE)

iShares Trust

ARBN: 125 632 411

## iShares Trust Australian Prospectus No. 1

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## Corporate Directory

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# 1. Before you start

## 1.1 Important information

This Prospectus refers to and includes parts of each Fund's U.S. Prospectus and parts of the iShares Trust (Trust) Statement of Additional Information relating to each Fund (Included Documents, refer to section 1.2 of this Prospectus for further information). The information contained in individual sections of this Prospectus is not intended to and does not provide a comprehensive review of the Trust or the Funds. Before making a decision to invest in a Fund you should read in full this Prospectus, the Included Documents and all applicable Australian Securities Exchange (ASX) announcements.

This Prospectus concerns shares of beneficial interest with no par value (**Shares**) referable to the **Funds** listed on the front cover of this Prospectus and described in more detail within section 2 of this Prospectus. Each Share of a Fund has a pro rata interest in the assets of that Fund. The table at the start of section 2 of this Prospectus provides details for each Fund's name, investment objective, investment strategy and ASX trading code.

Several expressions used throughout this Prospectus are defined in the Glossary in section 10 of this Prospectus.

The Funds are each an iShares Exchange Traded Fund (**iShares ETF**) which is an exchange traded fund whose shares trade like other listed securities on ASX. The offer of the Funds on ASX is settled by way of CHESS Depositary Interests (**CDIs**). The Trust is required to have CDIs issued over the ASX quoted Funds and has established a suitable CDI program. The ratio of CDIs to corresponding Shares of a Fund is one-to-one. CDIs are "securities" for the purposes of the Corporations Act 2001 (**Act**). Please refer to section 4 of this Prospectus for further information about CDIs.

The CDIs are issued in Australia in reliance of a class order issued by Australian Securities & Investments Commission (**ASIC**), Class Order CO 14/827. ASIC has also issued an instrument of relief, INS 07/810 dated 8 October 2007, relating to the offer of the Funds on ASX.

This Prospectus is dated 4 December 2017 and was lodged with ASIC and ASX on this date. ASIC and ASX take no responsibility for the content of this Prospectus. Admission by ASX of the Trust to the Official List of ASX and quotation of the Funds on ASX is not an endorsement by ASX (or a related body of ASX) of the Trust or the Funds.

This Prospectus is prepared by, or on behalf of, and is issued by the Trust. The Trust is the person offering the Shares of the Funds and CDIs over such Shares. The trustees of the Trust have consented to the lodgement of this Prospectus with ASIC.

The information contained in this Prospectus may be limited having regard to the matters that investors may reasonably be expected to know and the fact that certain matters may reasonably be expected to be known to likely investors' professional advisers.

The performance of an iShares ETF, including the Funds, is not guaranteed by any foreign or Australian regulatory or depositary institution, or by BlackRock, Inc.® or any of its subsidiary or affiliated entities (**BlackRock Group**). No member of the BlackRock Group guarantees the success of the Funds, the achievement of each Fund's investment objective, or the repayment of capital or particular rates of return on investment or capital. Refer to section 2.7 of this Prospectus for further information about the payment of distributions, if declared.

## 1.2 Included Documents

The following Included Documents are referred to and are included in this Prospectus under section 712(3) of the Act:

- (a) parts of each Fund's U.S. Prospectus (**US Prospectus**); and
- (b) parts of the Trust's Statement of Additional Information relating to the Funds (**SAI**).

This Prospectus simply refers to parts of the Included Documents, instead of setting out the information that is contained in them. Please refer to section 7 of this Prospectus for further information on the Included Documents. The information set out in section 7 of this Prospectus is provided to allow an investor to decide whether to obtain a copy of the relevant Fund's U.S. Prospectus or the relevant SAI. For convenience, a copy of the relevant Fund's U.S. Prospectus will be distributed together with this Prospectus.

Copies of this Prospectus and the Included Documents are available free of charge upon request by calling BIMAL or Computershare Investor Services Pty Limited (**Computershare**) (refer to page 2 of this Prospectus for contact details) and are available at [www.blackrock.com.au/ishares](http://www.blackrock.com.au/ishares). This Prospectus and the Included Documents have also been lodged with and are available from, or may be inspected at, an ASIC office.

## 1.3 Offer eligibility

This Prospectus may be used by investors who are resident in and who receive this Prospectus in Australia. The main purpose of this Prospectus is to enable secondary market quotation of the Funds on the ASX.

The offer of the Funds in this Prospectus is generally only available to entities that have been authorised as a trading participant, as defined in the ASX Operating Rules (**Trading Participant**). Further details of the terms and conditions of the offer of the Funds is set out in section 5 of this Prospectus.

The Trust is offering the conversion of Shares into CDIs with disclosure to investors under Part 6D.2 of the Act. The offer of the Funds on the basis of this Prospectus is valid for 13 months from the date of this Prospectus and will expire on 3 January 2018 (**Expiry Date**). The offer or invitation to convert Shares into CDIs under this Prospectus is subject to the terms and conditions described in this Prospectus. The Trust reserves the right to accept or decline the conversion of Shares into CDIs in full or in part and reserves the right to change these terms and conditions.

Investors who are not a Trading Participant generally cannot invest through this Prospectus but may do so through the ASX. Please consult your stockbroker or financial adviser. Investors who are not a Trading Participant may use this Prospectus for informational purposes only and may obtain further information in relation to each Fund by contacting BlackRock Investment Management (Australia) Limited (**BIMAL**) (refer to page 2 of this Prospectus for contact details).

#### 1.4 Need help?

If you have questions about or need help investing, we recommend you speak to a licensed financial adviser. ASIC can help you check if a financial adviser is licensed. They have a website at [www.asic.gov.au](http://www.asic.gov.au) as well as a help line you can call on 1300 300 630.

Should you require general assistance with respect to an iShares product, please call BIMAL (refer to page 2 of this Prospectus for contact details).

Further information on the different iShares ETFs quoted on the ASX is available at [www.blackrock.com.au/ishares](http://www.blackrock.com.au/ishares) or from your financial adviser.

## 2. About the Funds

Fund	Investment Objective	Investment Strategy	ASX Code
iShares China Large-Cap ETF (Fund)	The Fund seeks to track the investment results of an index composed of large-capitalisation Chinese equities that trade on the Hong Kong Stock Exchange.	The Fund seeks to track the investment results of the FTSE China 50 Index (the <b>Underlying Index</b> ), which is designed to track the performance of the largest companies in the Chinese equity market that are available to international investors. The Underlying Index consists of 50 of the largest and most liquid Chinese companies. Securities in the Underlying Index are weighted based on the total market value of their shares, so that securities with higher total market values generally have a higher representation in the Underlying Index. Each security in the Underlying Index is a current constituent of the FTSE All-World Index and all of the securities in the Underlying Index currently trade on the Hong Kong Stock Exchange. As of 31 July 2017, a significant portion of the Underlying Index is represented by securities of financials companies. The components of the Underlying Index, and the degree to which these components represent certain industries, are likely to change over time.	IZZ
iShares MSCI EAFE ETF (Fund)	The Fund seeks to track the investment results of an index composed of large- and mid-capitalisation developed market equities, excluding the U.S. and Canada.	The Fund seeks to track the investment results of the MSCI EAFE Index (the <b>Underlying Index</b> ), which has been developed by MSCI Inc. (MSCI) as an equity benchmark for international stock performance. The Underlying Index includes stocks from Europe, Australasia and the Far East and, as of 31 July 2017, consisted of securities from the following 21 developed market countries or regions: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The Underlying Index may include large- or mid-capitalisation companies. As of 31 July 2017, a significant portion of the Underlying Index is represented by securities of financials companies. The components of the Underlying Index, and the degree to which these components represent certain industries and / or countries, are likely to change over time.	IVE

### 2.1 About the Funds

In addition to the information provided in the preceding table, a detailed description of each Fund is set out in each Fund's U.S. Prospectus, including details of each Fund's investment objective, principle investment strategy, fees and costs and principle and other risks. Additional information is also contained in the SAI. Refer to section 7 of this Prospectus for a full list of the information contained in each Fund's U.S. Prospectus and the SAI.

BlackRock Fund Advisors (BFA) is the investment adviser to the Trust. BFA may, pursuant to applicable U.S. rules and regulations governing each Fund, recommend to the Trust's board of trustees a change to a Fund's investment objective, Underlying Index and/or investment strategy. The investment objective and Underlying Index of a Fund may be changed without shareholder approval.

The Funds commenced quotation on ASX on 15 November 2007.

As exchange traded funds, the Funds trade on a continuous basis at prevailing market prices on various exchanges, including ASX.

Each Fund holds a portfolio of securities that is managed to generally correspond to the performance, before fees and expenses, of its Underlying Index of stocks.

The Funds create and redeem shares at net asset value (NAV) once at the end of each U.S. trading day, in large blocks of shares called creation units. Shares of a Fund are generally created and redeemed "in-kind" (i.e. "in specie"), in exchange for a basket of securities representing the Fund's portfolio and a specified amount of cash.

Only certain institutional investors in the U.S., who are able to settle complex baskets of securities, can create or redeem shares directly with the Funds. For further information please refer to section 5 of this Prospectus.

All other investors can generally purchase or sell Shares of the Fund on a stock exchange, including ASX (via CDIs). Trades on a stock exchange occur at prices established by the parties, which may differ from a Fund's most recent or next determined NAV.

### 2.2 About the Index Provider

Please refer to sections headed "Principal Investment Strategies" and "Index Provider" in each Fund's U.S. Prospectus for information regarding the index provider of each Fund.

Each index provider has licensed the use of their index in respect of the relevant Fund. The index provider of each Fund is:

Fund	Index provider
iShares China Large-Cap ETF	FTSE International Limited
iShares MSCI EAFE ETF	MSCI Inc.

### 2.3 Fees and costs

An investment in a Fund will incur a management fee, which varies depending on the particular Fund. Additionally, investors buying or selling Shares (or CDIs) of a Fund on a stock exchange, like ASX, will also incur the cost of the "spread" – that is, the difference between what investors are willing to pay for the Fund (the "bid" price) and the price at which they are willing to sell the Fund (the "ask" price). You will also incur usual and customary brokerage commissions when buying or selling on a stock exchange.

Details of the fees and expenses applicable to each Fund are included in each Fund's U.S. Prospectus, in the section titled "Fees and Expenses" and the section titled "Investment Adviser" under the heading "Management".

## 2.4 Benefits of iShares ETFs

iShares ETFs are managed funds listed or quoted on exchanges (including ASX) providing you with the opportunity to gain exposure to a diversified portfolio of assets in a single transaction.

The benefits of investing in iShares ETFs include:

- ▶ **Diversification:** In contrast to a direct investment in a single company or bond, an iShares ETF provides, as far as possible and practicable, exposure to all of the securities or instruments within the index that the particular iShares ETF seeks to track.
- ▶ **Liquidity and transparency:** Each iShares ETF seeks investment results that correspond generally to the performance (before fees and expenses) of a particular index. As a traded security, an iShares ETF enables you to enter and exit your holding on the ASX. You can easily track performance and trade during ASX trading hours (subject to ASX rules).
- ▶ **Managing risk:** Investing in an iShares ETF can assist you in establishing a portfolio appropriate to your investment needs and risk profile.
- ▶ **Lower cost:** As each iShares ETF is passively managed and designed to track the performance of a particular index, the expenses of managing an iShares ETF are generally lower compared to other forms of retail managed funds. However, brokerage or adviser fees may still apply when buying or selling units of an iShares ETF.
- ▶ **Receipt of income:** You will generally receive income from your investment in the form of distributions. Distributions may include dividends, coupons and other income. There may be years in which no distributions are made.
- ▶ **Accessibility:** iShares ETFs can offer a cost-effective way to gain exposure to a diversified portfolio of securities. They can be less costly than purchasing a large number of individual securities as there are less trading costs and they offer lower thresholds than an investor might otherwise be able to afford.

## 2.5 Financial information

Relevant information enabling an assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of each Fund (and more generally the Trust) is set out in each Fund's U.S. Prospectus (particularly the section headed "Financial Highlights"), the SAI and in each Fund's annual and semi-annual reports (which are published after 31 July and 31 January of each year respectively). Fund performance information is also available at [www.blackrock.com.au/ishares](http://www.blackrock.com.au/ishares).

The Trust itself does not, and is not under U.S. law required to, prepare financial statements relating solely to itself separate from its iShares ETFs. Rather, each iShares ETF of the Trust, including the Funds, prepares and issues financial statements solely on behalf of such iShares ETF. Copies of the annual and semi-annual reports of each Fund can be obtained free of charge at [www.blackrock.com.au/ishares](http://www.blackrock.com.au/ishares). An announcement will be made to ASX as these reports become available. Each Fund's U.S. financial statements (included in its annual report) will also be lodged with ASIC annually (see section 9.1 of this Prospectus for further information).

## 2.6 Capital structure

Shares in the Trust are issued and redeemed at the end of each U.S. trading day. Given the daily issue and redemption process, it is not possible to predict the number of Shares which will be on issue at any time in the future. Subject to each Fund's minimum creation unit requirements (for further information refer to the section titled "Creations and Redemptions" under the heading "Shareholder Information" in each Fund's U.S. Prospectus and to the headings "Additional Information Concerning the Trust" and "Creation and Redemption of Creation Units" in the SAI) each Fund has the ability to create an unlimited number of Shares.

Audited Shares on issue information is included in each Fund's annual report. Additionally, unaudited shares on issue information is included in each Fund's semi-annual Report and is also published daily at [www.blackrock.com.au/ishares](http://www.blackrock.com.au/ishares).

## 2.7 Payment of distributions and details of any return of capital

The announcement by the Trust of any distributions payable in respect of the Funds will be in U.S. dollars (**US\$**) and converted into Australian dollars (**A\$**) prior to payment to Australian investors in the Fund.

A declaration by the Trust to pay a distribution will be announced to ASX. If you have invested in a Fund as of the record date for a distribution will be entitled to participate in the distribution. There is no guarantee that any distributions in respect of a Fund will be declared in the future, or that if declared, the amount of any distributions will remain at current levels or increase at any time.

Australian investors in a Fund will generally receive distribution payments (to which they are entitled) within 20 business days following the record date. The value of the A\$ distribution payment is dependent on the prevailing foreign exchange rate on the date that rate is struck (usually within 15 days following the record date).

Payment of distributions will generally be made by direct credit into a nominated Australian bank account. Distributions cannot be automatically reinvested into the distributing Fund. Investors will receive a payment advice detailing the components of any distribution paid by a Fund.

Details of distributions paid by the Funds is available at [www.blackrock.com.au/iShares](http://www.blackrock.com.au/iShares). As soon as practical following the end of a financial year, [www.blackrock.com.au/iShares](http://www.blackrock.com.au/iShares) will be updated to show the breakdown between "dividends" paid and "return of capital" (if any) for any distributions paid during that financial year.

## 2.8 Additional information

The following additional information in respect of each Fund can be found at [www.blackrock.com.au/ishares](http://www.blackrock.com.au/ishares):

- ▶ net assets (unaudited in A\$);
- ▶ a copy of the latest Prospectus, U.S. Prospectus and SAI; and
- ▶ daily underlying holdings of each Fund, including the name and percentage composition of each asset by value relative to NAV as at the close of the previous trading day.

Unaudited NAV figures (in US\$) for the Funds are also announced to ASX weekly.

## 3. Fund risks

### 3.1 Fund risks

Before you make an investment decision it is important to identify your investment objectives and the level of risk that you are prepared to accept. This may be influenced by:

- ▶ the timeframe over which you are expecting a return on your investment and your need for regular income versus long-term capital growth;
- ▶ your level of comfort with volatility in returns; or
- ▶ the general and specific risks associated with investing in particular funds.

All investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns.

The value of your investment will fluctuate with the value of the underlying investments in a Fund. Investment risk may also result in loss of income or capital invested and possible delays in repayment. You could receive back less than you initially invested and there is no guarantee that you will receive any income.

The table on the following page includes the principal risks (represented by a “✓”) and other risks (represented by a “•”) associated with an investment in each Fund. These risks are described in more detail in each Fund’s U.S. Prospectus (see the “Summary of Principal Risks”, “A Further Discussion of Principal Risks” and “A Further Discussion of Other Risks” sections).

Other risks associated with some of the Trust’s iShares ETFs are also mentioned in the SAI.

### 3.2 Australian specific risks

In addition to the aforementioned Fund risks, there are Australian specific risks investors should be aware of.

**Revocation of ASX approval of quotation risk.** The ASX imposes certain requirements for the continued quotation of securities, including units of ETFs. There can be no assurance that the Trust will continue to meet the requirements necessary to maintain its ASX listing or the quotation of the Funds on ASX or that the ASX will not change the listing or quotation requirements.

**Settlement risk.** The Funds may be exposed to settlement risk, as the Funds are reliant on the operation of CHESSE, including for the settlement of CDIs. The Funds are exposed to the extent that there is a risk that Trading Participants may fail to fulfil their settlement obligations. The risk is partly mitigated as participants in CHESSE are subject to rules of participation, which include sanctions if there is a failure to meet their obligations. Where trading in relation to a security is suspended, there may be a delay in settlement in relation to that security.

**Secondary market suspension.** Investors will not be able to acquire or dispose of CDIs on the ASX during any period that the ASX suspends trading in the Funds. The ASX may suspend the trading of the Funds whenever the ASX determines that it is appropriate in the interests of a fair and orderly market to protect investors.

**Market trading risk:** Despite ASX quotation, there can be no assurance that an active trading market for the Funds will be maintained. Further, the Funds may trade on ASX at, above or below their NAV. Trading of the Funds on ASX will be executed in A\$ whereas NAV is determined in US\$.

The per share NAV (in US\$) of the Funds will fluctuate with changes in the market value of each Fund’s portfolio. The trading prices in A\$ of the Shares in each Fund will fluctuate in accordance with changes in each Fund’s NAV and changes in foreign exchange rates, as well as market supply and demand.

**Foreign investment risk:** The Funds trade on ASX and will be executed in A\$ whereas NAV is determined in US\$. Also, dividends or distributions will be determined in US\$ and then converted into A\$ prior to payment to Australian investors in the Funds (refer to section 2.7 of this Prospectus for further details). The currency exposures of the Funds are unhedged.

Exposure to securities or derivative instruments issued in foreign markets may include certain risks associated with:

- ▶ differences between countries in relation to accounting, financial reporting, taxation, legal, regulatory, pricing and liquidity requirements; and settlement and clearance procedures;
- ▶ currency risk, the risk that foreign currencies change in value relative to the Australian dollar, which may affect a fund’s investment returns. These movements may either add to or subtract from performance. The currency exposures of the Funds are generally unhedged; and
- ▶ the countries to which the Funds are exposed may be subject to considerable degrees of economic, political and social instability.

✓ Principal risk • Other risk

Fund name / risk	Asian economic risk	Asset class risk	Assets under management (AUM) risk	Australasian economic risk	Authorised participant concentration risk	Concentration risk	Consumer discretionary sector risk	Consumer staples sector risk	Currency risk *
iShares China Large-Cap ETF	✓	✓	✓		✓	✓			✓
iShares MSCI EAFE ETF	✓	✓	✓	•	✓	✓	•	•	✓
Fund name / risk	Custody risk	Cyber security risk	Dividend risk	Equity risk	Equity securities risk	European economic risk	Financials sector risk	Geographic risk	Healthcare sector risk
iShares China Large-Cap ETF	✓	✓	•	•	✓	✓	✓	✓	
iShares MSCI EAFE ETF		✓	•		✓	✓	✓	✓	•
Fund name / risk	Index-related risk	Industrials sector risk	Information technology sector risk	Issuer risk	Large-capitalisation companies risk	Management risk	Market risk	Market trading risk	Materials sector risk
iShares China Large-Cap ETF	✓	•	•	✓	✓	✓	✓	✓	
iShares MSCI EAFE ETF	✓	•	•	✓	✓	✓	✓	✓	•
Fund name / risk	Mid-capitalisation companies risk	National closed market trading risk	Nationalisation risk	Non-diversification risk	Non-U.S. securities risk	Operational risk	Passive investment risk	Privatisation risk	Real Estate Investment Risk
iShares China Large-Cap ETF		✓	✓	✓	✓	✓	✓	✓	•
iShares MSCI EAFE ETF	✓	✓			✓	✓	✓		
Fund name / risk	Reliance on trading partners risk	Risk of investing in China	Risk of investing in developed countries	Risk of investing in emerging markets	Risk of investing in Japan	Securities lending risk	Security risk	Telecommunications sector risk	Tracking error risk
iShares China Large-Cap ETF	✓	✓		✓		✓	✓	•	✓
iShares MSCI EAFE ETF	✓		✓		✓	✓	✓		✓
Fund name / risk	U.S. economic risk	Valuation risk							
iShares China Large-Cap ETF	✓	✓							
iShares MSCI EAFE ETF	✓	✓							

\* Refer also to “Foreign investment risk” under section 3.2 of this Prospectus titled “Australian specific risks”.



## 4. About CHESSE Depository Interests (CDIs)

### 4.1 iShares ETFs will be held as CDIs

Instead of holding Shares of a Fund, Australian investors will hold CDIs which are Australian financial instruments designed to give Australian investors rights and entitlements equivalent to other investors in a Fund.

A depository nominee holds beneficial title of the Shares of a Fund on behalf of Australian investors. The Trust has appointed CHESSE Depository Nominees Pty Limited, a subsidiary of ASX, as its depository nominee (**Depository Nominee**). There is no additional cost to Australian investors for the provision of this service by the Depository Nominee and any associated costs are paid by BFA or its affiliates from the management fee BFA collects in respect of its investment advisory services to the Trust.

Provided below is a simplified diagram that sets out the relationship between Australian investors (as holders of CDIs), the Depository Nominee and the Fund/Trust.

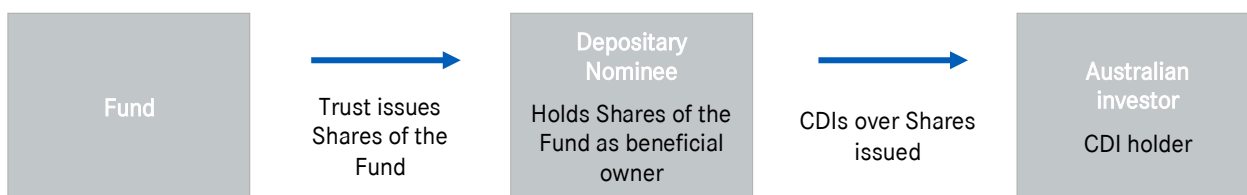
### 4.2 Rights attaching to CDIs

With the exception of voting arrangements (see below), Australian investors holding CDIs over Shares of a Fund generally have rights equivalent to those of other investors in the Funds (i.e. investors holding beneficial title of the Shares of a Fund).

In relation to corporate actions such as bonus issues, rights issues and capital reconstructions, Australian investors will generally receive equal treatment to that of other investors because under ASX Settlement Operating Rules, all economic benefits such as dividends, bonus issues, rights issues or similar corporate actions must flow through to Australian investors as if they were any other investor in a Fund. Given the nature of the Funds they are not expected to be subject to corporate takeovers. However, in the event that a Fund is subject to a takeover offer, the Depository Nominee is prohibited from accepting the offer except to the extent that acceptance is authorised by the Australian investors (holding CDIs) of the Fund. The Depository Nominee must ensure that the offeror processes takeover acceptances from Australian investors (holding CDIs).

In some cases marginal differences may exist between the resulting entitlements of Australian investors and the entitlements of other investors. This is because, for the purposes of certain corporate actions, the Depository Nominee's holding of Shares in a Fund is, for U.S. legal reasons, treated as a single holding, rather than as a number of smaller separate holdings corresponding to the individual interests of each Australian investor (meaning, for example, Australian investors will not benefit to the same extent as other investors from the rounding up of fractional entitlements).

Regarding voting, in accordance with the ASX Settlement Operating Rules, if a meeting of Fund investors is convened, each Australian investor in the Fund will be given notice of the meeting at the same time as notice is sent to other investors. The notice will include a form permitting the Australian investor to direct the Depository Nominee to cast, or authorise or arrange the casting of, proxy votes in accordance with the Australian investor's written directions. Unlike other investors in a Fund, Australian investors are unable to attend and vote at a meeting of Fund investors, this is because only beneficial owners of Shares in a Fund or their proxies can attend. Australian investors wishing to attend and vote at meetings personally must first convert their CDIs into Shares (refer to section 5.4 of this Prospectus for further details).



## 5. Creation and redemption of Shares and conversion to CDIs

This section contains the terms and conditions of the offer of the Funds and is primarily of interest to Trading Participants.

### 5.1 Creation and Redemption of Shares

Shares of the Funds are “created” and “redeemed” at NAV by market makers (large investors and institutions) only in block-size creation units of Shares or multiples thereof. Entities creating and redeeming Shares of the Funds are known as **Authorised Participants** and have entered into an Authorised Participant Agreement with the distributor of the Funds, BlackRock Investments, LLC (**Distributor**) an affiliate of BFA.

Only Authorised Participants may create or redeem Shares directly with a Fund.

The creation and redemption of Shares in a Fund occurs only in the U.S., with the Distributor acting on an agency basis. The Distributor does not maintain a secondary market in Shares of the Funds.

Generally, it is not possible for an Australian investor to create or redeem Shares directly with a Fund, as Australian investors are not Authorised Participants. Trading Participants wishing to create or redeem Shares of a Fund will need to arrange for the creation or redemption through an Authorised Participant and will then need to convert the Shares into CDIs (see section 5.4 of this Prospectus for further information).

For further information on the creation and redemption of Shares (including the minimum block-size creation units applicable to each Fund) refer to the section titled “Creations and Redemptions” under the heading “Shareholder Information” in each Fund’s U.S. Prospectus and to the headings “Additional Information Concerning the Trust” and “Creation and Redemption of Creation Units” in the SAI. Trading Participants can also contact BIMAL for further information (refer to page 2 of this Prospectus for contact details).

### 5.2 Book entry

Shares of each Fund are held in book-entry form, which means that no stock certificates are issued. The Depository Trust Company (**DTC**) or its nominee is the record owner of all outstanding (i.e. issued) Shares of each Fund and is recognised as the record owner for all purposes.

DTC, a limited-purpose trust company, was created in the U.S. to enable the electronic movement of securities between its participants (**DTC Participants**) and to provide a single settlement system for securities clearing and to serve as central counterparty for securities trades among DTC Participants.

Excluding Australian investors, investors owning Shares of the Funds are beneficial owners as shown on the records of DTC or DTC Participants. DTC serves as the securities depository for Shares of the Funds. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and other institutions that directly or indirectly maintain a custodial relationship with DTC.

For more information about DTC, refer to the section titled “Book Entry” under the heading “Shareholder Information” in each Fund’s U.S. Prospectus and to the section titled “DTC as Securities Depository for Shares of the Funds” under the heading “Additional Information Concerning the Trust” in the SAI.

### 5.3 Custody agreement

Computershare Trust Company, N.A. is a DTC Participant and has entered into a custody agreement with the Depository Nominee, such that the Depository Nominee will become and remain a “beneficial owner” of Shares of the Funds to facilitate and underpin the Trust’s Australian CDI program.

BIMAL has agreed to facilitate certain obligations of the Trust in connection with the custody agreement, refer to section 6.3 of this Prospectus for further information.

### 5.4 Conversion of Shares and CDIs

As the Funds are designed to trade in high volumes, to enable the CDI trading of the Funds on ASX it is expected that there will be demand for to conversion of Shares of the Funds into CDIs (and vice versa).

CDIs in respect of Shares of each Fund are transferable in CHESSE, with the Trust acting as principal issuer. A CDI Register is maintained by the Trust, through Computershare, in Australia.

It is expected that Shares of the Funds being converted into CDIs will generally already be on issue and will originate from DTC Participants.

CDIs are created in accordance with the ASX Settlement Operating Rules. Generally, this occurs when the Trust, through Computershare, records a person in the CDI Register as a CDI investor in a Fund, in conjunction with causing appropriate title to the underlying Shares of a Fund to be vested in the Depository Nominee through the custody agreement between Computershare Trust Company, N.A. and the Depository Nominee. The Depository Nominee has a very passive role in this process and it will not actively offer CDIs for issue.

CDIs may be held in uncertificated form on either the Issuer Sponsored Subregister or the CHESSE Subregister, which together make up the Australian CDI Register (maintained by Computershare) of each Fund.

Trading Participants and other investors wishing to convert Shares of a Fund into CDIs or CDIs into Shares should contact BIMAL (refer to page 2 of this Prospectus for contact details).

## 6. About the Trust and governance structure

### 6.1 About the Trust

The Trust was organised as a Delaware statutory trust on 16 December 1999, which for Australian law purposes constitutes a body corporate. The Trust is not an Australian public company. The liability of shareholders is limited.

The Trust has been a registered foreign company under the Act since 28 May 2007. The Trust was admitted to ASX's official list on 5 October 2007 as an ASX foreign exempt listing.

As the Trust is an ASX foreign exempt entity under the ASX Listing Rules, the Funds are deemed not to be ED (Enhanced Disclosure) securities. This means that the Trust is not a disclosing entity for the purposes of the Act.

Under the ASX Listing Rules, the Trust (in respect of the Funds) must immediately provide to ASX, in English, certain information that it provides to its overseas home exchange (i.e. NYSE Arca) that is, or is to be, made public and must continue to comply with the listing rules (or their equivalent) of its overseas home exchange.

### 6.2 Governance and compliance structure

The business activities of the Trust and the iShares ETFs it issues are governed by relevant US and Australian laws and regulations. An extensive corporate governance structure is in place. In Australia, BIMAL is primarily responsible for ongoing compliance and communications with Australian regulators, statutory bodies and ASX.

### 6.3 About BIMAL

BIMAL provides a range of services to the Trust in Australia in connection with the Trust's listing on ASX and the quotation and trading of shares (and CDIs) in the Funds on ASX.

BIMAL is an Australian related body corporate of the Trust's investment adviser, BFA. BIMAL is a major investment manager in Australia, offering financial services to a range of clients including: Australian corporations; industry, public sector and endowment funds; master funds; and wrap account distributors.

The Trust, as a registered foreign company under the Act and as required by, and for the purposes of, the Act, has appointed BIMAL as its local agent to accept on the Trust's behalf service of process and notices.

#### Financial services licensing: intermediary authorisation

The Trust does not hold an Australian financial services licence (AFSL). Instead, the Trust relies on section 911A(2)(b) of the Act (or Corporations Regulation 7.6.01(1)(n)) for an exemption from any requirement to hold an AFSL in respect of the trading of the Funds in Australia. In this regard, the Trust has entered into an Instrument of Delegation and Authority and Intermediary Authorisation Agreement with BIMAL (an AFSL holder), under which BIMAL is authorised to make offers to arrange, and arrange for, the issue of CDIs over Shares of the Funds by the Trust (to the extent that the Trust issues CDIs) and the Trust will issue any CDIs it issues in accordance with such offers if they are accepted. No amounts are payable to BIMAL under this agreement.

### Other authorisation/delegations

In addition to the aforementioned intermediary authorisation:

- (a) the Trust delegates to BIMAL certain powers it has under the ASX Settlement Operating Rules in connection with the Trust's CDI program and authorises BIMAL to sub-delegate those powers to a professional Australian registry. BIMAL has sub-delegated these powers to Computershare; and
- (b) the Trust authorises BIMAL to engage (on behalf of the Trust) a professional Australian registry to provide to (or for the benefit of) the Trust the Australian registry services required in connection with the Trust's admission to the official list of ASX, the trading of the Trust's shares on ASX and the Trust's Australian CDI program (including to establish and maintain, or facilitate the establishment and maintenance, of the required registers). Pursuant to this authorisation, BIMAL has engaged Computershare.

In addition, certain employees of BIMAL have been appointed as attorneys to, among other things, do everything necessary or expedient in connection with:

- (a) the Trust's ASX listing, the quotation by ASX of any of the shares issued by the Trust and satisfying the Trust's ongoing obligations under the ASX Listing Rules as a foreign exempt listing and under the Act as a registered foreign company;
- (b) the Trust's ongoing relations with ASX and ASX Settlement;
- (c) the issue of CDIs over any of the Trust's shares in accordance with the ASX Settlement Operating Rules;
- (d) satisfying the Trust's obligations under the ASX Settlement Operating Rules and any applicable ASX Operating Rules; and
- (e) the engagement, appointment or removal by the Trust of an Australian registry.

### 6.4 About BFA

BFA is the Trust's investment adviser and has overall responsibility for the general management and administration of the Trust (refer to the section heading "Management" in each Fund's U.S. Prospectus).

For its investment advisory services, BFA is entitled to receive a management fee from the Funds. For further information about the management fee for each Fund (as at the date of this Prospectus), refer to the section titled "Fees and Expenses" and the section titled "Investment Adviser" under the heading "Management" in each Fund's U.S. Prospectus and to the heading "Investment Advisory, Administrative and Distribution Services" in the SAI.

### 6.5 Registrar

Computershare has been engaged to maintain the Australian register of CDI investors and provide services to Australian investors in the Funds (including facilitating payment of any distributions).

## 7. Included documents

### 7.1 Relationship between the U.S. Prospectus, SAI and financial statements

Each Fund's U.S. Prospectus incorporates by reference the SAI relating to the Fund and for U.S. legal purposes the relevant SAI is a part of the Fund's U.S. Prospectus.

The financial statements and notes contained in the annual reports of the Trust for various iShares ETFs are incorporated by reference into and are deemed for U.S. legal purposes to be part of a SAI. However, for the purpose of section 712 of the Act, this Prospectus does not refer to and therefore excludes the annual report of each Fund (and the other iShares ETFs covered by each SAI).

### 7.2 U.S. Prospectus

Each Fund's U.S. Prospectus contains information regarding:

- ▶ Fund overview: including information relating to the Fund's investment objective, fees and expenses (including portfolio turnover), principal investment strategies (including the Fund's industry concentration policy), summary of principal risks, performance information, management (including details of the Fund's investment adviser and portfolio managers), purchase and sale of Fund Shares, U.S. tax information, payments to broker-dealers and other financial intermediaries.
- ▶ More information about the Fund: including important information you should read about the Fund before reading the entire U.S. Prospectus.
- ▶ A further discussion of principal and other risks.
- ▶ Portfolio holdings information.
- ▶ Management: including information relating to the Fund's investment adviser, portfolio managers, administrator, custodian and transfer agent and conflicts of interest.
- ▶ Shareholder information: including information on buying and selling Shares, book entry, Share prices, determination of NAV, dividends and distributions, U.S. tax information, U.S. taxes on distributions, U.S. taxes when Shares are sold, Chinese Tax Disclosure (applicable only for the U.S. Prospectus of iShares China-Large Cap ETF), creations and redemptions, costs associated with creations and redemptions and householding.
- ▶ Distribution.
- ▶ Financial highlights: for a Share of the Fund outstanding throughout the relevant period, including NAV and total return information.
- ▶ Index provider.
- ▶ Disclaimers: including disclaimers by the index provider, NYSE Arca and BFA.
- ▶ Supplemental information: including premium/discount information and total return information.

However, certain information in each Fund's U.S. Prospectus is not referred to and therefore excluded from this Prospectus (see section 7.4 of this Prospectus for further information).

### 7.3 Statement of Additional Information

The SAI contain information regarding:

- ▶ General description of the Trust and its iShares ETFs.
- ▶ Exchange listing and trading.

- ▶ Investment strategies and risk.
- ▶ General considerations and risks.
- ▶ Proxy voting policy.
- ▶ Portfolio holdings information.
- ▶ Construction and maintenance of the underlying indexes (including the Underlying Index of each Fund).
- ▶ Investment limitations.
- ▶ Continuous offering.
- ▶ Management: including information on trustees and officers, committees of the board of trustee, remuneration of trustees, control persons and principal holders of securities and potential conflicts of interest.
- ▶ Investment advisory, administrative and distribution services: including information on the investment adviser, portfolio managers, codes of ethics, anti-money laundering requirements, administrator, custodian and transfer agent, distributor and payments by BFA and its affiliates.
- ▶ Determination of Net Asset Value.
- ▶ Brokerage transactions.
- ▶ Additional information concerning the Trust.
- ▶ Creation and redemption of creation units.
- ▶ Financial statements.
- ▶ Miscellaneous information.

The above information is set out in the order it is listed in the "Table of Contents" in the SAI. However, certain information in the SAI is not referred to and therefore excluded from this Prospectus (see section 7.4 of this Prospectus for further information).

### 7.4 Excluded information

For the purposes of section 712 of the Act, this Prospectus does not refer to and therefore excludes:

- ▶ from each U.S. Prospectus and each SAI, all U.S. tax information applicable only to U.S. investors in the Funds. Refer to section 8 of the Prospectus for a general summary of the main Australian income tax implications of an investment in the Funds by an Australian investor holding CDIs over Shares; and
- ▶ from each SAI, all information that relates solely to an iShares ETF or iShares ETFs of the Trust other than the Funds, including all information relating to index providers and their indexes other than the index providers of the Funds and the Underlying Index of each Fund.

### 7.5 Consequential filings in the U.S.

Certain documents which may be filed or prepared by the Trust in the U.S. subsequent to the date of this Prospectus may be incorporated by reference in the U.S. Prospectus. Such documents (if any) cannot (for legal and timing reasons) be taken to be included in this Prospectus under section 712(3) of the Act. Such documents (if any) may be given to ASX as announcements by the Trust and will be made available at [www.blackrock.com.au/ishares](http://www.blackrock.com.au/ishares).

## 8. Tax consequences

### 8.1 General information only

The following is a general summary of the main Australian income tax implications of an investment in the Funds by an Australian investor holding CDIs over Shares.

The information in this summary is of a general nature only and cannot and does not address all of the tax issues which may be relevant to an investor. It is not legal, financial or tax advice. Australian taxation laws are complex and may change over time.

In addition, this section also provides limited and general information in respect of U.S. estate tax and withholding tax obligations.

**Important: Investors must seek their own professional taxation advice regarding Australian and any U.S. tax matters applicable to their own facts and circumstances.**

### 8.2 Assumptions

The comments outlined in this summary assume that the investor:

- ▶ is an Australian resident for income tax purposes with an income year ending on 30 June;
- ▶ is an individual taxpayer or a complying superannuation fund;
- ▶ does not carry on a business of either trading or dealing in shares or otherwise hold investments on revenue account - any subsequent disposal of the investment in a Fund will therefore be subject to the capital gains tax regime; and
- ▶ reports income (including dividend distributions from holding an investment in a Fund) on a cash basis (and does not report income using an accruals basis).

This summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office generally accepted as at the date of this Prospectus. Reforms to the taxation of funds are generally ongoing and investors should seek their own advice and monitor the progress of such legislative changes.

### 8.3 Distributions

The investor's assessable distribution amount should be the dividend distribution received during the financial year gross of any U.S. withholding tax deducted. The investor should be entitled to foreign income tax offsets for the U.S. withholding tax, up to the amount of any Australian tax payable on the dividend distribution. Please note, foreign income tax offsets may only be used to offset the Australian tax arising from your dividend distribution or your other foreign income. This may therefore result in unutilised foreign income tax offsets.

The U.S. withholding tax rate is typically 30% but is generally reduced to 15% under the Australia/U.S. Double Tax Agreement. Investors may be required to complete U.S. tax forms to allow access to the reduced rate.

From time to time, a Fund may return capital to investors. A return of capital is a return of part of the cost which was outlaid in making the original investment in the Fund.

### 8.4 Capital gains/losses

#### General

The sale or other disposal of CDIs will constitute a capital gains tax (CGT) event for Australian tax purposes. A capital gain will be made if the capital proceeds received on the occurrence of the CGT event are greater than the cost base of the CDIs.

The capital gain may be able to be reduced if the investor claims the discounting concession which reduces the nominal capital gain by 50% for individuals and by 33 1/3% for complying superannuation funds. This applies where the CDIs were held for at least 12 months prior to the CGT event.

If the capital proceeds on the disposal of the CDIs are less than the investor's reduced cost base of the CDIs, the difference is treated as a capital loss. Such losses can be offset against capital gains arising in the current or future income years, but cannot be used to reduce tax payable on ordinary income (such as dividends).

#### Return of capital

For the purposes of calculating a capital gain/loss, an investor should reduce the cost base of their CDIs by any amounts that are characterised as a "return of capital". Where the total returns of capital exceed the cost base of the CDIs (i.e. the cost base has been reduced to zero), the excess is assessable as a capital gain, even if the investor has not sold their iShares investment.

### 8.5 Controlled Foreign Companies (CFC) provisions

The CFC rules are unlikely to apply to your CDIs on the basis that the Trust is a large U.S. listed company and that control tests should not be satisfied. If you have reason to believe that the CFC provisions may be relevant, you should seek independent tax advice.

### 8.6 U.S. estate tax

U.S. tax laws seek to apply estate tax on U.S. situated assets held by individuals worldwide (including shares in U.S. companies). This means an investor (who is not a U.S. citizen and is not domiciled in the U.S.) may be subject to U.S. estate tax if at the time of their death, they beneficially own CDIs.

The amount of the estate tax is determined by reference to the value of the CDIs held at death. However, the amount of any such tax may be reduced pursuant to an Australian/U.S. estate tax treaty. The reduction can include a credit of US\$13,000 for the first US\$60,000 of U.S. situated assets (including CDIs). Depending on the structure/vehicle that owns the U.S. situated assets U.S. estate tax may not apply.

In addition to the estate tax, an investor can also be subject to U.S. generation-skipping transfer tax where they transfer the CDIs to a grandchild or a more remote descendant at death.

The estate tax and generation-skipping tax are levied on a self-assessment basis such that the estate is responsible for making the appropriate tax filings and where applicable, paying the taxes. Investors must obtain their own advice about the impact of these taxes to their specific circumstances.

## 8.7 Foreign Account Tax Compliance Act (FATCA)

The Foreign Account Tax Compliance Act (**FATCA**) is a U.S. tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by U.S. citizens and U.S. tax residents through use of non-U.S. investments or accounts. The FATCA provisions were included in the HIRE Act which was signed into U.S. law on 18 March 2010.

The FATCA provisions have been introduced into the Taxation Administration Act 1953 (Cth), to be administered by the Australian Taxation Office (**ATO**).

This information is of a general nature only. Please consult your tax advisor should you wish to understand the implications of FATCA on your particular circumstances.

## 9. Additional information

### 9.1 Australian financial reporting requirements

Investors should note that the Chapter 2M financial reporting regime under the Act does not apply to the Trust.

The Trust will annually lodge with ASIC U.S. financial statements for each Fund (together with unaudited cash flow statements for each Fund prepared in accordance with the Act) in compliance with the conditions of an ASIC instrument granting the Trust relief from section 601CK of the Act.

### 9.2 Interests of trustees

The trustees of the Trust as at the date of this Prospectus are:

- ▶ Robert S. Kapito
- ▶ Mark Wiedman
- ▶ Jane D. Carlin
- ▶ John E. Martinez
- ▶ Cecilia H. Herbert
- ▶ Charles A. Hurty
- ▶ John E. Kerrigan
- ▶ Madhav V. Rajan
- ▶ Drew E. Lawton
- ▶ Richard L. Fagnani

Except as set out in this Prospectus or each Fund's U.S. Prospectus or the SAI (as may be updated):

- ▶ no trustee has had in the last 2 years before lodgement of this Prospectus, an interest in:
  - the formation or promotion of the Trust;
  - the offer of the Funds as contained in this Prospectus; or
  - any property acquired or proposed to be acquired by the Trust in connection with its formation or promotion or the offer of the Funds as contained in this Prospectus; and
- ▶ no amounts, whether in cash or shares or otherwise have been paid or agreed to be paid (by anyone), and no benefit has been given or agreed to be given (by anyone), to any trustee, either to induce them to become, or to qualify as, a trustee, or otherwise for services provided by them in connection with the promotion or formation of the Trust or the offer of the Funds as contained in this Prospectus.

### 9.3 Interests of others parties

Except as set out below or elsewhere in this Prospectus or the U.S. Prospectus:

- ▶ no financial services licensee named in this Prospectus as a licensee involved in the issue or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or has held in the 2 years before the date of this Prospectus, any interest in:
  - the formation or promotion of the Trust;
  - the offer of the Funds as contained in this Prospectus; or
  - any property acquired or proposed to be acquired by the Trust in connection with its formation or promotion or the offer of the Funds as contained in this Prospectus; and
- ▶ no amounts has been paid or agreed to be paid (by anyone) and no value or any benefit has been given or agreed to be given (by anyone) to any financial services licensee named in this Prospectus as a licensee involved in the issue, or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, in each case for services provided in connection with the formation or promotion of the Trust or the offer of the Funds as contained in this Prospectus.

BIMAL is an Australian financial services licensee involved in listing of the Trust on the Official List of ASX and the quotation of the Funds on ASX. BIMAL will not receive any fees or payments for services provided in connection with the offer of the Funds in Australia. In particular, it will not receive any commissions, broking or underwriting fees relating to any issues or secondary sales of Shares or CDIs. BIMAL may in the future receive payments or benefits from other entities in the corporate group of which it is part, attributable to any increased acceptance of iShares ETFs as an asset or financial product class in Australia. BIMAL may be compensated for services provided in bringing iShares ETFs to Australia.

### 9.4 Consents to the inclusion of information and statements

BFA, BIMAL and Computershare have each given and have not withdrawn its consent to be named in this Prospectus in the form and context in which all references to its name appear. BIMAL and Computershare take no responsibility for any part of this Prospectus other than references to its name.

The following definitions apply throughout this document unless the context requires otherwise.

<b>A\$</b>	means Australian dollars.
<b>Act</b>	means the Corporations Act 2001 (Cth).
<b>AFSL</b>	means an Australian financial services licence.
<b>ASIC</b>	means the Australian Securities & Investments Commission.
<b>ASX</b>	means ASX Limited.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited.
<b>ASX Settlement Operating Rules</b>	means the operating rules of ASX Settlement.
<b>ATO</b>	means the Australian Tax Office.
<b>Authorised Participant</b>	means entities creating and redeeming Shares of the Funds that have entered into an agreement with the distributor of the Funds.
<b>BFA</b>	means BlackRock Fund Advisors.
<b>BIMAL</b>	means BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 (Australian financial service licence number 230523).
<b>BlackRock Group</b>	means BlackRock, Inc.® or any of its subsidiary or affiliated entities.
<b>CGT</b>	means capital gains tax.
<b>CHESS</b>	means the Clearing House Electronic Subregister System operated by ASX Settlement and another ASX subsidiary.
<b>CDIs</b>	means CHESS Depository Interests (over Shares) issued under the ASX Settlement Operating Rules and the Trust's terms of issue.
<b>CDI Register</b>	means the register of CDI holdings maintained in Australia under the ASX Settlement Operating Rules, consisting of an Issuer Sponsored Subregister of holders of CDIs and a CHESS Subregister of holders of CDIs.
<b>Computershare</b>	means Computershare Investor Services Pty Limited ACN 078 279 277.
<b>Depository Nominee</b>	means the entity appointed as such under the ASX Settlement Operating Rules to hold beneficial title to Shares that are, or are to be, held in the form of CDIs. The Trust has appointed CHESS Depository Nominees Pty Limited (ACN 071 346 506), a subsidiary of ASX, as its Depository Nominee.
<b>Distributor</b>	means BlackRock Investments, LLC.
<b>DTC</b>	means The Depository Trust Company.
<b>DTC Participant</b>	means a participant of DTC.
<b>Expiry Date</b>	means 3 January 2018.
<b>FATCA</b>	means the Foreign Account Tax Compliance Act.
<b>FTSE</b>	means FTSE International Limited.
<b>Fund, Funds</b>	means (as applicable) iShares China Large-Cap ETF and/or iShares MSCI EAFE ETF.
<b>Included Documents</b>	means each Fund's US Prospectus and the SAI excluding the material outlined in section 7.4 of this Prospectus which are included in this Prospectus by reference pursuant to subsection 712(3) of the Act.



<b>iShares ETF</b>	means iShares Exchange Traded Fund(s).
<b>Listing Rules</b>	means the listing rules of ASX.
<b>MSCI</b>	means MSCI Inc.
<b>NAV</b>	means net asset value.
<b>Prospectus</b>	means this prospectus dated 4 December 2017 and any supplementary or replacement prospectus in relation to this document.
<b>SAI</b>	means the Trust's Statement of Additional Information (relating to the Funds) dated 1 December 2017, as updated and revised from time to time.
<b>Share(s)</b>	means shares of beneficial interest with no par value issued by the Trust known as the Funds.
<b>Trading Participant</b>	means an entity that has been authorised as a trading participant, as defined in the ASX Operating Rules.
<b>Trust</b>	means iShares Trust ARBN 125 632 4 11.
<b>Underlying Index</b>	means (as applicable) FTSE China 50 Index or MSCI EAFE Index.
<b>U.S.</b>	means United States of America
<b>US\$</b>	means United States of America dollars.
<b>US Prospectus</b>	means the prospectuses of the Trust relating to each Fund dated 1 December 2017, as updated and revised from time to time.

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