

BlackRock FundsSM

- ▶ iShares Edge MSCI USA Momentum Factor Index Fund
- ▶ iShares Edge MSCI USA Quality Factor Index Fund
- ▶ iShares Edge MSCI USA Size Factor Index Fund
- ▶ iShares Edge MSCI USA Value Factor Index Fund

The Markets in Review

Dear Shareholder,

In the 12 months ended July 31, 2018, the strongest corporate profits in seven years drove the equity market higher, while rising interest rates constrained bond returns. Though the market's appetite for risk remained healthy, risk-taking was tempered somewhat, as shorter-term, higher-quality securities led the bond market, and U.S. equities outperformed most international stock markets.

Strong equity performance worldwide was driven by synchronized economic growth across the most influential economies. However, volatility in emerging market stocks rose, as U.S.-China trade relations and debt concerns weighed heavily on the Chinese stock market, while Turkey became embroiled in a currency crisis shortly after the end of the reporting period.

Short-term U.S. Treasury interest rates rose the fastest, while longer-term rates slightly increased, leading to a negative return for long-term U.S. Treasuries and a substantial flattening of the yield curve. Many investors are concerned with the flattening yield curve as a harbinger of recession, but given the extraordinary monetary measures in the last decade, we believe a more accurate barometer for the economy is the returns along the risk spectrums in stock and bond markets. Although the fundamentals in credit markets remained relatively solid, investment-grade bonds declined slightly, and high-yield bonds posted modest returns.

In response to rising growth and inflation, the U.S. Federal Reserve (the "Fed") increased short-term interest rates three times during the reporting period. The Fed also reduced its \$4.3 trillion balance sheet by approximately \$180 billion during the reporting period, gradually reversing the unprecedented stimulus measures it enacted after the financial crisis. Meanwhile, the European Central Bank announced that its bond-purchasing program would conclude at the end of the year, while also expressing its commitment to low interest rates. In contrast, the Bank of Japan continued to expand its balance sheet through bond purchasing while lowering its expectations for inflation.

The U.S. economy continued to gain momentum despite the Fed's modest reduction of economic stimulus; unemployment declined to 3.9%, wages increased, and the number of job openings reached a record high. Strong economic performance may justify a more rapid pace of rate hikes in 2018, as the headline inflation rate and investors' expectations for inflation have already surpassed the Fed's target of 2.0%.

While U.S. monetary policy is seeking to restrain economic growth and inflation, fiscal policy has produced new sources of growth that could nourish the economy for the next few years. Corporate tax cuts and repatriation of capital held abroad could encourage a virtuous cycle of business spending. Lower individual tax rates coupled with the robust job market may refresh consumer spending.

We continue to believe the primary risks to economic expansion are trade protectionism, rapidly rising interest rates, and geopolitical tension. Given the deflationary forces of technology and globalization, a substantial increase in inflation is unlikely to materialize as long as the unemployment rate remains above 3.0%. However, we are closely monitoring trade protectionism and the rise of populism in Western nations. In particular, the outcome of trade negotiations between the United States and China is likely to influence the global growth trajectory and set the tone for free trade in many other nations.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today's markets.

Sincerely,



Rob Kapito
President, BlackRock Advisors, LLC



Rob Kapito
President, BlackRock Advisors, LLC

Total Returns as of July 31, 2018

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	0.70%	16.24%
U.S. small cap equities (Russell 2000® Index)	6.75	18.73
International equities (MSCI Europe, Australasia, Far East Index)	(5.12)	6.40
Emerging market equities (MSCI Emerging Markets Index)	(11.94)	4.36
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	0.85	1.43
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	(0.95)	(3.66)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	(0.45)	(0.80)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.20	1.21
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	0.65	2.60

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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Investment Objective

iShares Edge MSCI USA Momentum Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index that measures the performance of U.S. large- and mid-capitalization stocks exhibiting relatively higher momentum characteristics.

Portfolio Management Commentary

How did the Fund perform?

For the 12-month period ended July 31, 2018, the Fund's Institutional Shares returned 22.65%, while Class K Shares returned 22.77%. The benchmark MSCI USA Momentum Index returned 23.02% for the same period.

Returns for the Fund's respective share classes differ from the benchmark index based on individual share-class expenses.

Describe the market environment.

In the third quarter of 2017, investors focused on sustained corporate earnings expansion, a subdued interest rate environment, and a healthy economic backdrop over threats from an increasingly hostile North Korea and a damaging hurricane season. This backdrop pushed volatility to the lowest levels in recorded history, with the CBOE Volatility Index (which shows the market's expectation of 30-day volatility) averaging a record low of 10.9 in the quarter.

Domestic rates moved modestly higher as investors' balanced news on monetary, fiscal and geopolitical fronts. In the September Federal Open Market Committee ("FOMC") announcement, the committee announced they would keep interest rates unchanged and initiate their balance sheet normalization in October.

Additionally, amid short-term, hurricane-related inflationary and economic growth pressures, the FOMC found inflation to remain somewhat below 2% in the near term, and expected it to stabilize around 2% by 2019. Real gross domestic product ("GDP") growth was revised higher for 2017, from 2.2% to 2.4%. The ten-year U.S. Treasury yield ended the third quarter of 2017 two basis points higher at 2.33%.

The U.S. economy continued to demonstrate strength throughout the fourth quarter of 2017. Unemployment fell to 4.1%, the lowest level since 2000. Additional highlights that helped strengthen investor confidence in the macro picture included nominal third quarter GDP surging 4.1% year over year, real GDP increasing 2.3% year over year, and broad aggregate S&P 500® earnings growth was 6.6%.

In the beginning of 2018, the low volatility regime that helped global equity markets reach record highs in 2017 continued to support U.S. markets. Further fueled by tax-reform optimism, January saw markets rally, led higher by momentum and information technology names. However, as the first quarter of 2018 progressed, a combination of economic over-heating concerns, the return of volatility, rising yields and the specter of trade wars weighed on markets.

From a sector standpoint, technology and consumer discretionary stocks outperformed, due to their impressive early-quarter runs. Later in the first quarter of 2018, negative headlines regarding Facebook's usage of user data, FAANMG regulation (regulation that was considered after the breach of consumer data by Facebook), and artificial intelligence weighed on the sector. Although the first quarter was plagued with volatility, the defensive sectors of telecommunications and consumer staples were the worst performing in the S&P 500® Index.

Contrary to what the U.S. equity market's lackluster performance would suggest, the U.S. economy remained healthy in the first quarter of 2018. The unemployment rate remained at multi-decade lows, consumer confidence was high by historical standards, and both the Institute for Supply Management Index manufacturing and non-manufacturing components accelerated. This supported the Fed's decision to increase interest rates in March and to revise higher their rate hike expectations for 2019. The combination of increased interest rate expectations, a strong economic backdrop, in addition to technical issues regarding the deficit, drove selling in U.S. Treasuries. The ten-year U.S. Treasury yield increased by 0.33% in the first quarter of 2018 to 2.75%.

Despite the fluid headlines and ongoing threats regarding the topic of U.S. protectionism in the second quarter of 2018, investors found confidence in strong U.S. economic data and earnings growth. On the macroeconomic front, the U.S. unemployment rate struck 3.8%, the lowest level since 1975. Economic reports throughout the second quarter of 2018 also indicated strong economic conditions. Additionally, the core personal consumption expenditure hit the Fed's target rate of 2%, supporting their decision to raise rates in June. The Fed has also signaled the likelihood of two additional hikes this year. The average level of the CBOE Volatility Index was 15.3 in the second quarter, lower than the 17.4 experienced in the first quarter of 2018.

From a sector standpoint, energy outperformed as a prolonged period of higher crude oil prices increased the attractiveness of energy company shares. In addition to the fact that West Texas Intermediate crude appreciated throughout the second quarter of 2018 and reached \$77 per barrel in June, the exercising of cost discipline by U.S. producers, evident from low levels of capital expenditure from first quarter earnings reports, was supportive for investor sentiment given uncertainty over OPEC production plans.

Elsewhere, financials underperformed all other sectors, led lower by shares of diversified financial services companies. While deregulation provided a tailwind for regional banks, investor sentiment on the broader sector was fraught by the narrowing term structure of the U.S. Treasury curve, uncertainty ahead of the Comprehensive Capital Analysis and Review stress tests (an annual exercise by the Fed to assess the largest bank holding companies operating in the United States), and global protectionism.

Describe recent portfolio activity.

During the period, as changes were made to the composition of the MSCI USA Momentum Index, the Fund purchased and sold securities to maintain its objective of replicating the risks and return of the benchmark index.

Describe portfolio positioning at period end.

The Fund remains positioned to match the risk characteristics of its benchmark index, irrespective of the market’s future direction.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Portfolio Information

TEN LARGEST HOLDINGS

Security	Percent of Net Assets
Amazon.com, Inc.	6%
Microsoft Corp.	5
Visa, Inc.	5
Boeing Co.	5
JPMorgan Chase & Co.	4
Mastercard, Inc.	4
Cisco Systems, Inc.	4
Intel Corp.	3
Netflix, Inc.	3
Adobe Systems, Inc.	3

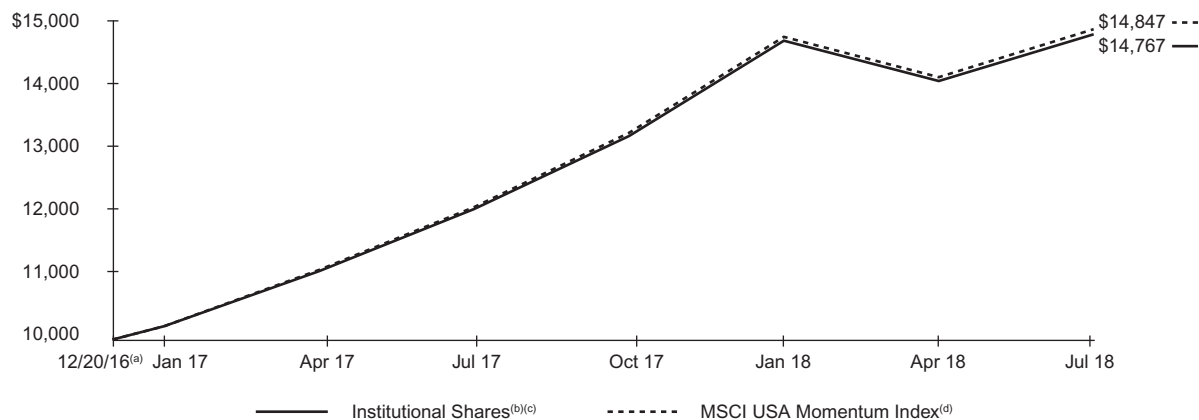
SECTOR ALLOCATION

Sector Allocation	Percent of Net Assets
Information Technology	40%
Consumer Discretionary	19
Financials	13
Industrials	11
Health Care	9
Energy	4
Short-Term Securities	4
Consumer Staples	3
Investment Companies	1
Real Estate ^(a)	—
Utilities ^(a)	—
Materials ^(a)	—
Liabilities in Excess of Other Assets	(4)

^(a) Less than 1%.

For Fund compliance purposes, the Fund’s industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

TOTAL RETURN BASED ON A \$10,000 INVESTMENT



^(a) Commencement of operations.

^(b) Assuming transaction costs and other operating expenses, including investment advisory fees, if any.

^(c) The Fund generally invests at least 80% of its assets, plus the amount of any borrowing for investment purposes, in securities of the MSCI USA Momentum Index.

^(d) An index that is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum, while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover.

Performance Summary for the Period Ended July 31, 2018

	6-Month Total Returns	Average Annual Total Returns ^(a)	
		1 Year	Since Inception ^(b)
Institutional	0.69%	22.65%	27.37%
Class K	0.77	22.77	27.47
MSCI USA Momentum Index	0.79	23.02	27.80

^(a) See "About Fund Performance" on page 16 for a detailed description of share classes, including any related fees.

^(b) The Fund commenced operations on December 20, 2016.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Expense Example

	Actual			Hypothetical ^(b)			Annualized Expense Ratio
	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	
Institutional	\$ 1,000.00	\$ 1,006.90	\$ 0.95	\$ 1,000.00	\$ 1,023.85	\$ 0.95	0.19%
Class K	\$ 1,000.00	\$ 1,007.70	\$ 0.75	\$ 1,000.00	\$ 1,024.05	\$ 0.75	0.15%

^(a) For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown).

^(b) Hypothetical 5% return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

See "Disclosure of Expenses" on page 16 for further information on how expenses were calculated.

Investment Objective

iShares Edge MSCI USA Quality Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index that measures the performance of U.S. large- and mid-capitalization stocks as identified through three fundamental variables: return on equity, earnings variability and debt-to-equity.

Portfolio Management Commentary

How did the Fund perform?

For the period from inception through September 1, 2017, the Fund was not managed to the MSCI USA Sector Neutral Quality Index and the Fund's total returns are the returns of the Fund when it inadvertently tracked the MSCI USA Quality Index.

For the 12-month period ended July 31, 2018, the Fund's Institutional Shares returned 17.41%, while Class K Shares returned 17.35%. The benchmark MSCI USA Sector Neutral Quality Index returned 17.53% for the same period.

Returns for the Fund's respective share classes differ from the benchmark index based on individual share-class expenses.

Describe the market environment.

In the third quarter of 2017, investors focused on sustained corporate earnings expansion, a subdued interest rate environment, and a healthy economic backdrop over threats from an increasingly hostile North Korea and a damaging hurricane season. This backdrop pushed volatility to the lowest levels in recorded history, with the CBOE Volatility Index (which shows the market's expectation of 30-day volatility) averaging a record low of 10.9 in the quarter.

Domestic rates moved modestly higher as investors' balanced news on monetary, fiscal and geopolitical fronts. In the September Federal Open Market Committee ("FOMC") announcement, the committee announced they would keep interest rates unchanged and initiate their balance sheet normalization in October.

Additionally, amid short-term, hurricane-related inflationary and economic growth pressures, the FOMC found inflation to remain somewhat below 2% in the near term, and expected it to stabilize around 2% by 2019. Real gross domestic product ("GDP") growth was revised higher for 2017, from 2.2% to 2.4%. The ten-year U.S. Treasury yield ended the third quarter of 2017 two basis points higher at 2.33%.

The U.S. economy continued to demonstrate strength throughout the fourth quarter of 2017. Unemployment fell to 4.1%, the lowest level since 2000. Additional highlights that helped strengthen investor confidence in the macro picture included nominal third quarter GDP surging 4.1% year over year, real GDP increasing 2.3% year over year, and broad aggregate S&P 500® earnings growth was 6.6%.

In the beginning of 2018, the low volatility regime that helped global equity markets reach record highs in 2017 continued to support U.S. markets. Further fueled by tax-reform optimism, January saw markets rally, led higher by momentum and information technology names. However, as the first quarter of 2018 progressed, a combination of economic over-heating concerns, the return of volatility, rising yields and the specter of trade wars weighed on markets.

From a sector standpoint, technology and consumer discretionary stocks outperformed, due to their impressive early-quarter runs. Later in the first quarter of 2018, negative headlines regarding Facebook's usage of user data, FAANMG regulation (regulation that was considered after the breach of consumer data by Facebook), and artificial intelligence weighed on the sector. Although the first quarter was plagued with volatility, the defensive sectors of telecommunications and consumer staples were the worst performing in the S&P 500® Index.

Contrary to what the U.S. equity market's lackluster performance would suggest, the U.S. economy remained healthy in the first quarter of 2018. The unemployment rate remained at multi-decade lows, consumer confidence was high by historical standards, and both the Institute for Supply Management Index manufacturing and non-manufacturing components accelerated. This supported the Fed's decision to increase interest rates in March and to revise higher their rate hike expectations for 2019. The combination of increased interest rate expectations, a strong economic backdrop, in addition to technical issues regarding the deficit, drove selling in U.S. Treasuries. The ten-year U.S. Treasury yield increased by 0.33% in the first quarter of 2018 to 2.75%.

Despite the fluid headlines and ongoing threats regarding the topic of U.S. protectionism in the second quarter of 2018, investors found confidence in strong U.S. economic data and earnings growth. On the macroeconomic front, the U.S. unemployment rate struck 3.8%, the lowest level since 1975. Economic reports throughout the second quarter of 2018 also indicated strong economic conditions. Additionally, the core personal consumption expenditure hit the Fed's target rate of 2%, supporting their decision to raise rates in June. The Fed has also signaled the likelihood of two additional hikes this year. The average level of the CBOE Volatility Index was 15.3 in the second quarter, lower than the 17.4 experienced in the first quarter of 2018.

From a sector standpoint, energy outperformed as a prolonged period of higher crude oil prices increased the attractiveness of energy company shares. In addition to the fact that West Texas Intermediate crude appreciated throughout the second quarter of 2018 and reached \$77 per barrel in June, the exercising of cost discipline by U.S. producers, evident from low levels of capital expenditure from first quarter earnings reports, was supportive for investor sentiment given uncertainty over OPEC production plans.

Elsewhere, financials underperformed all other sectors, led lower by shares of diversified financial services companies. While deregulation provided a tailwind for regional banks, investor sentiment on the broader sector was fraught by the narrowing term structure of the U.S. Treasury curve, uncertainty ahead of the Comprehensive Capital Analysis and Review stress tests (an annual exercise by the Fed to assess the largest bank holding companies operating in the United States), and global protectionism.

Describe recent portfolio activity.

During the period, as changes were made to the composition of the MSCI USA Sector Neutral Quality Index, the Fund purchased and sold securities to maintain its objective of replicating the risks and return of the benchmark index.

Describe portfolio positioning at period end.

The Fund remains positioned to match the risk characteristics of its benchmark index, irrespective of the market’s future direction.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Portfolio Information

TEN LARGEST HOLDINGS

<i>Security</i>	<i>Percent of Net Assets</i>
Apple, Inc.	5%
Johnson & Johnson	5
Mastercard, Inc.	4
Visa, Inc.	3
Exxon Mobil Corp.	3
Altria Group, Inc.	3
3M Co.	3
NVIDIA Corp.	3
BlackRock, Inc.	2
NIKE, Inc.	2

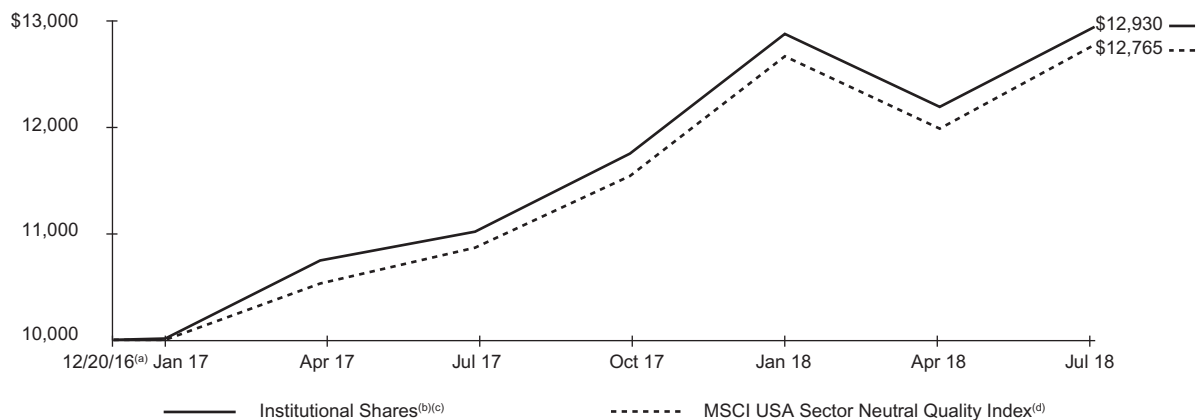
SECTOR ALLOCATION

<i>Sector Allocation</i>	<i>Percent of Net Assets</i>
Information Technology	26%
Health Care	15
Financials	13
Consumer Discretionary	13
Industrials	10
Consumer Staples	7
Energy	6
Utilities	3
Real Estate	3
Materials	2
Short-Term Securities	2
Telecommunication Services	2
Investment Companies ^(a)	—
Liabilities in Excess of Other Assets	(2)

^(a) Less than 1%.

For Fund compliance purposes, the Fund’s industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

TOTAL RETURN BASED ON A \$10,000 INVESTMENT



^(a) Commencement of operations.

^(b) Assuming transaction costs and other operating expenses, including investment advisory fees, if any.

^(c) The Fund generally invests at least 80% of its assets, plus the amount of any borrowing for investment purposes, in securities of the MSCI USA Sector Neutral Quality Index. For the period from inception through September 1, 2017, the Fund was not managed to the MSCI USA Sector Neutral Quality Index and the Fund’s total returns are the returns of the Fund when it inadvertently tracked the MSCI USA Quality Index.

^(d) An index that aims to capture the performance of securities that exhibit stronger quality characteristics relative to their peers within the same GICS® sector by identifying stocks with high quality scores based on three main fundamental variables: high return on equity, low leverage and low earnings variability.

Performance Summary for the Period Ended July 31, 2018

	6-Month Total Returns	Average Annual Total Returns ^{(a)(b)}	
		1 Year	Since Inception ^(c)
Institutional	0.48%	17.41%	17.29%
Class K	0.49	17.35	17.34
MSCI USA Sector Neutral Quality Index	0.87	17.53	16.36

^(a) See "About Fund Performance" on page 16 for a detailed description of share classes, including any related fees.

^(b) For the period from inception through September 1, 2017, the Fund was not managed to the MSCI USA Sector Neutral Quality Index and the Fund's total returns are the returns of the Fund when it inadvertently tracked the MSCI USA Quality Index.

^(c) The Fund commenced operations on December 20, 2016.

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Expense Example

	Actual			Hypothetical ^(b)			Annualized Expense Ratio
	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	
Institutional	\$ 1,000.00	\$ 1,004.80	\$ 0.89	\$ 1,000.00	\$ 1,023.90	\$ 0.90	0.18%
Class K	\$ 1,000.00	\$ 1,004.90	\$ 0.75	\$ 1,000.00	\$ 1,024.05	\$ 0.75	0.15%

^(a) For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown).

^(b) Hypothetical 5% return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

See "Disclosure of Expenses" on page 16 for further information on how expenses were calculated.

Investment Objective

iShares Edge MSCI USA Size Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index composed of U.S. large- and mid-capitalization stocks with relatively smaller average market capitalization.

Portfolio Management Commentary

How did the Fund perform?

For the 12-month period ended July 31, 2018, the Fund's Institutional Shares returned 12.19%, while Class K Shares returned 12.23%. The benchmark MSCI USA Risk Weighted Index returned 12.31% for the same period.

Returns for the Fund's respective share classes differ from the benchmark index based on individual share-class expenses.

Describe the market environment.

In the third quarter of 2017, investors focused on sustained corporate earnings expansion, a subdued interest rate environment, and a healthy economic backdrop over threats from an increasingly hostile North Korea and a damaging hurricane season. This backdrop pushed volatility to the lowest levels in recorded history, with the CBOE Volatility Index (which shows the market's expectation of 30-day volatility) averaging a record low of 10.9 in the quarter.

Domestic rates moved modestly higher as investors' balanced news on monetary, fiscal and geopolitical fronts. In the September Federal Open Market Committee ("FOMC") announcement, the committee announced they would keep interest rates unchanged and initiate their balance sheet normalization in October.

Additionally, amid short-term, hurricane-related inflationary and economic growth pressures, the FOMC found inflation to remain somewhat below 2% in the near term, and expected it to stabilize around 2% by 2019. Real gross domestic product ("GDP") growth was revised higher for 2017, from 2.2% to 2.4%. The ten-year U.S. Treasury yield ended the third quarter of 2017 two basis points higher at 2.33%.

The U.S. economy continued to demonstrate strength throughout the fourth quarter of 2017. Unemployment fell to 4.1%, the lowest level since 2000. Additional highlights that helped strengthen investor confidence in the macro picture included nominal third quarter GDP surging 4.1% year over year, real GDP increasing 2.3% year over year, and broad aggregate S&P 500® earnings growth was 6.6%.

In the beginning of 2018, the low volatility regime that helped global equity markets reach record highs in 2017 continued to support U.S. markets. Further fueled by tax-reform optimism, January saw markets rally, led higher by momentum and information technology names. However, as the first quarter of 2018 progressed, a combination of economic over-heating concerns, the return of volatility, rising yields and the specter of trade wars weighed on markets.

From a sector standpoint, technology and consumer discretionary stocks outperformed, due to their impressive early-quarter runs. Later in the first quarter of 2018, negative headlines regarding Facebook's usage of user data, FAANMG regulation (regulation that was considered after the breach of consumer data by Facebook), and artificial intelligence weighed on the sector. Although the first quarter was plagued with volatility, the defensive sectors of telecommunications and consumer staples were the worst performing in the S&P 500® Index.

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Despite the fluid headlines and ongoing threats regarding the topic of U.S. protectionism in the second quarter of 2018, investors found confidence in strong U.S. economic data and earnings growth. On the macroeconomic front, the U.S. unemployment rate struck 3.8%, the lowest level since 1975. Economic reports throughout the second quarter of 2018 also indicated strong economic conditions. Additionally, the core personal consumption expenditure hit the Fed's target rate of 2%, supporting their decision to raise rates in June. The Fed has also signaled the likelihood of two additional hikes this year. The average level of the CBOE Volatility Index was 15.3 in the second quarter, lower than the 17.4 experienced in the first quarter of 2018.

From a sector standpoint, energy outperformed as a prolonged period of higher crude oil prices increased the attractiveness of energy company shares. In addition to the fact that West Texas Intermediate crude appreciated throughout the second quarter of 2018 and reached \$77 per barrel in June, the exercising of cost discipline by U.S. producers, evident from low levels of capital expenditure from first quarter earnings reports, was supportive for investor sentiment given uncertainty over OPEC production plans.

Elsewhere, financials underperformed all other sectors, led lower by shares of diversified financial services companies. While deregulation provided a tailwind for regional banks, investor sentiment on the broader sector was fraught by the narrowing term structure of the U.S. Treasury curve, uncertainty ahead of the Comprehensive Capital Analysis and Review stress tests (an annual exercise by the Fed to assess the largest bank holding companies operating in the United States), and global protectionism.

Describe recent portfolio activity.

During the period, as changes were made to the composition of the MSCI USA Risk Weighted Index, the Fund purchased and sold securities to maintain its objective of replicating the risks and return of the benchmark index.

Describe portfolio positioning at period end.

The Fund remains positioned to match the risk characteristics of its benchmark index, irrespective of the market’s future direction.

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Portfolio Information

TEN LARGEST HOLDINGS

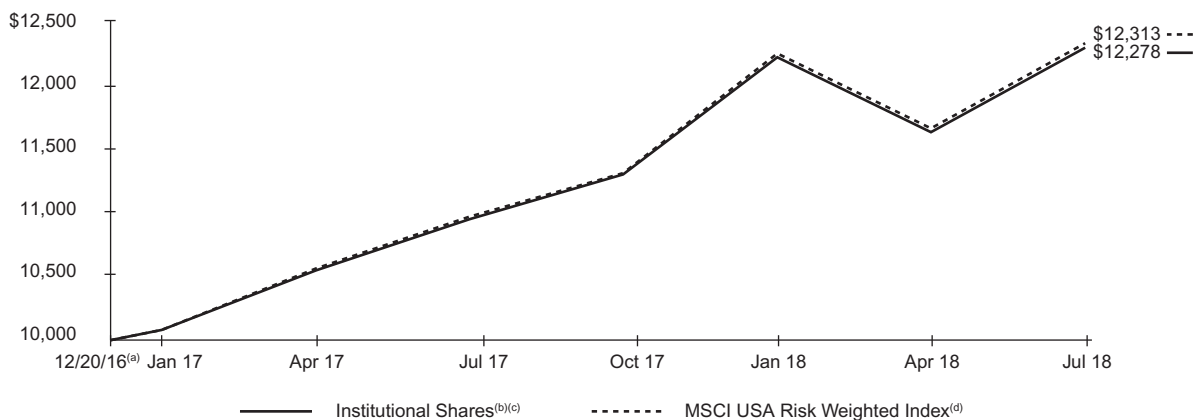
<i>Security</i>	<i>Percent of Net Assets</i>
iShares Edge MSCI USA Size Factor ETF	1.0%
Evergy, Inc.	0.6
PepsiCo, Inc.	0.5
Coca-Cola Co.	0.5
Republic Services, Inc.	0.4
Waste Management, Inc.	0.4
Southern Co.	0.4
Procter & Gamble Co.	0.4
DTE Energy Co.	0.4
Johnson & Johnson	0.4

SECTOR ALLOCATION

<i>Sector Allocation</i>	<i>Percent of Net Assets</i>
Financials	16%
Industrials	14
Information Technology	13
Consumer Discretionary	12
Health Care	10
Utilities	10
Consumer Staples	8
Real Estate	8
Materials	4
Energy	3
Short-Term Securities	2
Investment Companies	1
Telecommunication Services	1
Liabilities in Excess of Other Assets	(2)

For Fund compliance purposes, the Fund’s industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

TOTAL RETURN BASED ON A \$10,000 INVESTMENT



(a) Commencement of operations.
 (b) Assuming transaction costs and other operating expenses, including investment advisory fees, if any.
 (c) The Fund generally invests at least 80% of its assets, plus the amount of any borrowing for investment purposes, in securities of the MSCI USA Risk Weighted Index.
 (d) An index that seeks to emphasize stocks with lower historical return variance and tends to have a bias towards lower size and lower risk stocks.

Performance Summary for the Period Ended July 31, 2018

	6-Month Total Returns	Average Annual Total Returns ^(a)	
		1 Year	Since Inception ^(b)
Institutional	0.59%	12.19%	13.59%
Class K	0.61	12.23	13.63
MSCI USA Risk Weighted Index	0.62	12.31	13.78

^(a) See "About Fund Performance" on page 16 for a detailed description of share classes, including any related fees.

^(b) The Fund commenced operations on December 20, 2016.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Expense Example

	Actual			Hypothetical ^(b)			Annualized Expense Ratio
	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	
Institutional	\$ 1,000.00	\$ 1,005.90	\$ 0.90	\$ 1,000.00	\$ 1,023.90	\$ 0.90	0.18%
Class K	\$ 1,000.00	\$ 1,006.10	\$ 0.75	\$ 1,000.00	\$ 1,024.05	\$ 0.75	0.15%

^(a) For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown).

^(b) Hypothetical 5% return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365. See "Disclosure of Expenses" on page 16 for further information on how expenses were calculated.

Investment Objective

iShares Edge MSCI USA Value Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index that measures the performance of U.S. large- and mid-capitalization stocks with value characteristics and relatively lower valuations.

Portfolio Management Commentary

How did the Fund perform?

For the 12-month period ended July 31, 2018, the Fund's Institutional Shares returned 16.33%, while Class K Shares returned 16.46%. The benchmark MSCI USA Enhanced Value Index returned 16.64% for the same period.

Returns for the Fund's respective share classes differ from the benchmark index based on individual share-class expenses.

Describe the market environment.

In the third quarter of 2017, investors focused on sustained corporate earnings expansion, a subdued interest rate environment, and a healthy economic backdrop over threats from an increasingly hostile North Korea and a damaging hurricane season. This backdrop pushed volatility to the lowest levels in recorded history, with the CBOE Volatility Index (which shows the market's expectation of 30-day volatility) averaging a record low of 10.9 in the quarter.

Domestic rates moved modestly higher as investors' balanced news on monetary, fiscal and geopolitical fronts. In the September Federal Open Market Committee ("FOMC") announcement, the committee announced they would keep interest rates unchanged and initiate their balance sheet normalization in October.

Additionally, amid short-term, hurricane-related inflationary and economic growth pressures, the FOMC found inflation to remain somewhat below 2% in the near term, and expected it to stabilize around 2% by 2019. Real gross domestic product ("GDP") growth was revised higher for 2017, from 2.2% to 2.4%. The ten-year U.S. Treasury yield ended the third quarter of 2017 two basis points higher at 2.33%.

The U.S. economy continued to demonstrate strength throughout the fourth quarter of 2017. Unemployment fell to 4.1%, the lowest level since 2000. Additional highlights that helped strengthen investor confidence in the macro picture included nominal third quarter GDP surging 4.1% year over year, real GDP increasing 2.3% year over year, and broad aggregate S&P 500® earnings growth was 6.6%.

In the beginning of 2018, the low volatility regime that helped global equity markets reach record highs in 2017 continued to support U.S. markets. Further fueled by tax-reform optimism, January saw markets rally, led higher by momentum and information technology names. However, as the first quarter of 2018 progressed, a combination of economic over-heating concerns, the return of volatility, rising yields and the specter of trade wars weighed on markets.

From a sector standpoint, technology and consumer discretionary stocks outperformed, due to their impressive early-quarter runs. Later in the first quarter of 2018, negative headlines regarding Facebook's usage of user data, FAANMG regulation (regulation that was considered after the breach of consumer data by Facebook), and artificial intelligence weighed on the sector. Although the first quarter was plagued with volatility, the defensive sectors of telecommunications and consumer staples were the worst performing in the S&P 500® Index.

Contrary to what the U.S. equity market's lackluster performance would suggest, the U.S. economy remained healthy in the first quarter of 2018. The unemployment rate remained at multi-decade lows, consumer confidence was high by historical standards, and both the Institute for Supply Management Index manufacturing and non-manufacturing components accelerated. This supported the Fed's decision to increase interest rates in March and to revise higher their rate hike expectations for 2019. The combination of increased interest rate expectations, a strong economic backdrop, in addition to technical issues regarding the deficit, drove selling in U.S. Treasuries. The ten-year U.S. Treasury yield increased by 0.33% in the first quarter of 2018 to 2.75%.

Despite the fluid headlines and ongoing threats regarding the topic of U.S. protectionism in the second quarter of 2018, investors found confidence in strong U.S. economic data and earnings growth. On the macroeconomic front, the U.S. unemployment rate struck 3.8%, the lowest level since 1975. Economic reports throughout the second quarter of 2018 also indicated strong economic conditions. Additionally, the core personal consumption expenditure hit the Fed's target rate of 2%, supporting their decision to raise rates in June. The Fed has also signaled the likelihood of two additional hikes this year. The average level of the CBOE Volatility Index was 15.3 in the second quarter, lower than the 17.4 experienced in the first quarter of 2018.

From a sector standpoint, energy outperformed as a prolonged period of higher crude oil prices increased the attractiveness of energy company shares. In addition to the fact that West Texas Intermediate crude appreciated throughout the second quarter of 2018 and reached \$77 per barrel in June, the exercising of cost discipline by U.S. producers, evident from low levels of capital expenditure from first quarter earnings reports, was supportive for investor sentiment given uncertainty over OPEC production plans.

Elsewhere, financials underperformed all other sectors, led lower by shares of diversified financial services companies. While deregulation provided a tailwind for regional banks, investor sentiment on the broader sector was fraught by the narrowing term structure of the U.S. Treasury curve, uncertainty ahead of the Comprehensive Capital Analysis and Review stress tests (an annual exercise by the Fed to assess the largest bank holding companies operating in the United States), and global protectionism.

Describe recent portfolio activity.

During the period, as changes were made to the composition of the MSCI USA Enhanced Value Index, the Fund purchased and sold securities to maintain its objective of replicating the risks and return of the benchmark index.

Describe portfolio positioning at period end.

The Fund remains positioned to match the risk characteristics of its benchmark index, irrespective of the market's future direction.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Portfolio Information**TEN LARGEST HOLDINGS**

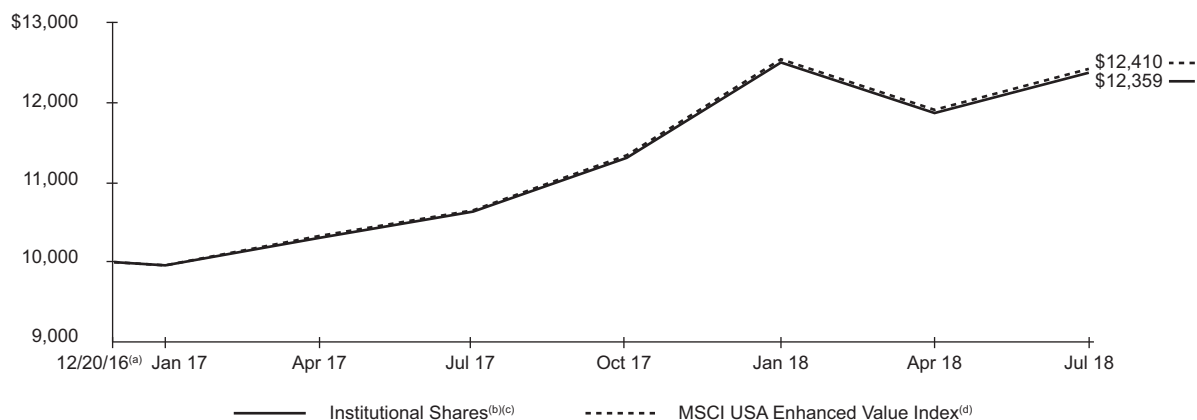
<i>Security</i>	<i>Percent of Net Assets</i>
Apple, Inc.	10%
Pfizer, Inc.	4
Bank of America Corp.	3
General Motors Co.	3
Chevron Corp.	3
Intel Corp.	3
Citigroup, Inc.	3
Cisco Systems, Inc.	3
Walmart, Inc.	2
Gilead Sciences, Inc.	2

SECTOR ALLOCATION

<i>Sector Allocation</i>	<i>Percent of Net Assets</i>
Information Technology	25%
Health Care	14
Financials	14
Consumer Discretionary	13
Industrials	10
Consumer Staples	7
Energy	6
Materials	3
Utilities	3
Real Estate	3
Telecommunication Services	2
Investment Companies ^(a)	—
Short-Term Securities ^(a)	—
Other Assets Less Liabilities ^(a)	—

^(a) Less than 1%.

For Fund compliance purposes, the Fund's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

TOTAL RETURN BASED ON A \$10,000 INVESTMENT

^(a) Commencement of operations.

^(b) Assuming transaction costs and other operating expenses, including investment advisory fees, if any.

^(c) The Fund generally invests at least 80% of its assets, plus the amount of any borrowing for investment purposes, in securities of the MSCI USA Enhanced Value Index.

^(d) An index that is designed to represent the performance of securities that exhibit higher value characteristics relative to their peers within the corresponding GICS[®] sector.

Performance Summary for the Period Ended July 31, 2018

	6-Month Total Returns	Average Annual Total Returns ^(a)	
		1 Year	Since Inception ^(b)
Institutional	(1.01)%	16.33%	14.05%
Class K	(0.92)	16.46	14.15
MSCI USA Enhanced Value Index	(0.91)	16.64	14.34

^(a) See "About Fund Performance" on page 16 for a detailed description of share classes, including any related fees.

^(b) The Fund commenced operations on December 20, 2016.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Expense Example

	Actual			Hypothetical ^(b)			Annualized Expense Ratio
	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	Beginning Account Value February 1, 2018	Ending Account Value July 31, 2018	Expenses Paid During the Period ^(a)	
Institutional	\$ 1,000.00	\$ 989.90	\$ 0.84	\$ 1,000.00	\$ 1,023.95	\$ 0.85	0.17%
Class K	\$ 1,000.00	\$ 990.80	\$ 0.74	\$ 1,000.00	\$ 1,024.05	\$ 0.75	0.15%

^(a) For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown).

^(b) Hypothetical 5% return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

See "Disclosure of Expenses" on page 16 for further information on how expenses were calculated.

About Fund Performance

Institutional and Class K Shares are not subject to any sales charge. These shares bear no ongoing distribution or service fees and are available only to certain eligible investors.

Performance information reflects past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Refer to www.blackrock.com to obtain performance data current to the most recent month-end. Performance results do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Figures shown in the performance tables on the previous pages assume reinvestment of all distributions, if any, at net asset value ("NAV") on the ex-dividend date. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Distributions paid to each class of shares will vary because of the different levels of service, distribution and transfer agency fees applicable to each class, which are deducted from the income available to be paid to shareholders.

BlackRock Fund Advisors (the "Manager"), the Funds' investment adviser, has contractually agreed to waive and/or reimburse a portion of each Fund's expenses. Without such waiver and/or reimbursement, each Fund's performance would have been lower. The Manager is under no obligation to continue waiving and/or reimbursing its fees after the applicable termination date of such agreement. See Note 6 of the Notes to Financial Statements for additional information on waivers and/or reimbursements.

Disclosure of Expenses

Shareholders of the Funds may incur the following charges: (a) transactional expenses and (b) operating expenses, including investment advisory fees, service and distribution fees, including 12b-1 fees, acquired fund fees and expenses and other fund expenses. The expense examples shown on the previous pages, which are based on a hypothetical investment of \$1,000 invested on February 1, 2018 and held through July 31, 2018, are intended to assist shareholders both in calculating expenses based on an investment in each Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The expense examples provide information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number corresponding to their Fund and share class under the heading entitled "Expenses Paid During the Period."

The expense examples also provide information about hypothetical account values and hypothetical expenses based on a Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in the Funds and other funds, compare the 5% hypothetical examples with the 5% hypothetical examples that appear in shareholder reports of other funds.

The expenses shown in the expense examples are intended to highlight shareholders' ongoing costs only and do not reflect transactional expenses, such as sales charges, if any. Therefore, the hypothetical examples are useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

Derivative Financial Instruments

The Funds may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the instrument. The Funds' successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Funds' investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

Schedule of Investments

July 31, 2018

iShares Edge MSCI USA Momentum Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Common Stocks — 99.0%		
Aerospace & Defense — 6.9%		
Boeing Co.	2,097	\$ 747,161
Harris Corp.	294	48,495
Northrop Grumman Corp.	372	111,782
Raytheon Co.	711	140,800
Spirit Aerosystems Holdings, Inc., Class A	191	17,811
		<u>1,066,049</u>
Air Freight & Logistics — 0.4%		
C.H. Robinson Worldwide, Inc.	330	30,436
XPO Logistics, Inc. ^(a)	330	32,907
		<u>63,343</u>
Auto Components — 0.1%		
Autoliv, Inc.	148	15,164
Banks — 5.3%		
Comerica, Inc.	371	35,965
JPMorgan Chase & Co.	6,027	692,803
Regions Financial Corp.	2,436	45,334
SVB Financial Group ^(a)	149	45,874
		<u>819,976</u>
Beverages — 0.3%		
Brown-Forman Corp., Class B	892	47,472
Biotechnology — 1.8%		
AbbVie, Inc.	2,950	272,078
Capital Markets — 5.9%		
BlackRock, Inc. ^(e)	262	131,723
Charles Schwab Corp.	2,900	148,074
CME Group, Inc.	858	136,525
E*Trade Financial Corp. ^(a)	929	55,563
Moody's Corp.	400	68,448
MSCI, Inc.	316	52,516
Nasdaq, Inc.	322	29,431
S&P Global, Inc.	769	154,138
T. Rowe Price Group, Inc.	825	98,241
TD Ameritrade Holding Corp.	677	38,691
		<u>913,350</u>
Chemicals — 0.1%		
Westlake Chemical Corp.	119	12,759
Commercial Services & Supplies — 0.6%		
Cintas Corp.	234	47,848
Copart, Inc. ^(a)	860	49,356
		<u>97,204</u>
Communications Equipment — 4.8%		
Arista Networks, Inc. ^(a)	160	40,917
Cisco Systems, Inc.	13,392	566,347
F5 Networks, Inc. ^{(a)(b)}	173	29,649
Motorola Solutions, Inc.	405	49,126
Palo Alto Networks, Inc. ^(a)	253	50,160
		<u>736,199</u>
Construction & Engineering — 0.1%		
Fluor Corp.	315	16,144
Diversified Financial Services — 0.1%		
Voya Financial, Inc.	404	20,410
Electronic Equipment, Instruments & Components — 0.2%		
FLIR Systems, Inc.	329	19,280
IPG Photonics Corp. ^(a)	80	13,123
		<u>32,403</u>

Security	Shares	Value
Energy Equipment & Services — 0.1%		
Helmerich & Payne, Inc.	174	\$ 10,675
Food & Staples Retailing — 1.3%		
Costco Wholesale Corp.	942	206,025
Health Care Equipment & Supplies — 4.3%		
Abbott Laboratories	3,436	225,195
ABIOMED, Inc. ^(a)	188	66,652
Align Technology, Inc. ^(a)	190	67,763
Intuitive Surgical, Inc. ^(a)	351	178,375
Stryker Corp.	677	110,520
Teleflex, Inc.	91	24,817
		<u>673,322</u>
Health Care Providers & Services — 1.4%		
Anthem, Inc.	540	136,620
HCA Healthcare, Inc.	616	76,526
		<u>213,146</u>
Hotels, Restaurants & Leisure — 1.6%		
Domino's Pizza, Inc.	110	28,892
Hilton Worldwide Holdings, Inc.	580	45,623
Marriott International, Inc., Class A	782	99,971
Yum! Brands, Inc.	830	65,811
		<u>240,297</u>
Independent Power and Renewable Electricity Producers — 0.1%		
Vistra Energy Corp. ^(a)	925	20,905
Insurance — 1.3%		
Arthur J Gallagher & Co.	384	27,398
Progressive Corp.	2,240	134,423
XL Group Ltd.	734	41,273
		<u>203,094</u>
Internet & Direct Marketing Retail — 8.7%		
Amazon.com, Inc. ^(a)	481	854,949
Netflix, Inc. ^{(a)(b)}	1,465	494,364
		<u>1,349,313</u>
Internet Software & Services — 1.3%		
Akamai Technologies, Inc. ^(a)	357	26,868
GoDaddy, Inc., Class A ^(a)	483	35,558
IAC/InterActiveCorp ^(a)	259	38,138
MercadoLibre, Inc. ^(a)	105	36,006
Twitter, Inc. ^(a)	1,800	57,366
		<u>193,936</u>
IT Services — 13.9%		
Accenture PLC, Class A	1,100	175,263
Broadridge Financial Solutions, Inc.	441	49,824
Fiserv, Inc. ^(a)	804	60,686
FleetCor Technologies, Inc. ^(a)	241	52,297
Global Payments, Inc.	328	36,923
Jack Henry & Associates, Inc.	153	20,609
Mastercard, Inc., Class A	3,473	687,654
PayPal Holdings, Inc. ^(a)	2,319	190,483
Square, Inc., Class A ^(a)	1,297	83,851
Total System Services, Inc.	444	40,644
Visa, Inc., Class A	5,507	753,027
		<u>2,151,261</u>
Machinery — 1.4%		
Caterpillar, Inc.	1,112	159,905
IDEX Corp.	138	21,194
Xylem, Inc.	453	34,682
		<u>215,781</u>
Media — 1.2%		
Twenty-First Century Fox, Inc., Class A	2,857	128,565

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Momentum Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Media (continued)		
Twenty-First Century Fox, Inc., Class B	1,249	\$ 55,481
		184,046
Multiline Retail — 1.2%		
Dollar General Corp.	580	56,927
Kohl's Corp.	491	36,270
Target Corp.	1,182	95,364
		188,561
Oil, Gas & Consumable Fuels — 4.1%		
Andeavor	465	69,778
Concho Resources, Inc. ^(a)	255	37,192
Continental Resources, Inc. ^(a)	255	16,287
Diamondback Energy, Inc.	179	23,619
HollyFrontier Corp.	763	56,904
Phillips 66	1,268	156,395
Pioneer Natural Resources Co.	377	71,355
Valero Energy Corp.	1,688	199,775
		631,305
Personal Products — 0.9%		
Estee Lauder Cos., Inc., Class A	1,022	137,909
Pharmaceuticals — 1.2%		
Nektar Therapeutics ^(a)	749	39,397
Zoetis, Inc.	1,783	154,194
		193,591
Professional Services — 0.9%		
CoStar Group, Inc. ^(a)	107	44,496
TransUnion	591	42,788
Verisk Analytics, Inc. ^(a)	459	50,775
		138,059
Real Estate Management & Development — 0.3%		
CBRE Group, Inc., Class A ^(a)	628	31,274
Jones Lang LaSalle, Inc. ^(b)	116	19,837
		51,111
Road & Rail — 0.1%		
Old Dominion Freight Line, Inc. ^(b)	137	20,112
Semiconductors & Semiconductor Equipment — 7.5%		
Intel Corp.	10,578	508,802
Micron Technology, Inc. ^(a)	1,947	102,782
NVIDIA Corp.	1,492	365,331
Texas Instruments, Inc.	1,635	182,008
		1,158,923
Software — 11.6%		
Adobe Systems, Inc. ^(a)	1,806	441,892
ANSYS, Inc. ^(a)	240	40,531
Citrix Systems, Inc. ^(a)	339	37,280
Fortinet, Inc. ^(a)	388	24,409
Intuit, Inc.	740	151,138
Microsoft Corp.	7,818	829,333
Red Hat, Inc. ^(a)	755	106,629
ServiceNow, Inc. ^(a)	549	96,602
Splunk, Inc. ^(a)	436	41,900
SS&C Technologies Holdings, Inc.	494	26,216
		1,795,930
Specialty Retail — 3.7%		
Best Buy Co., Inc.	687	51,546
Home Depot, Inc.	2,189	432,371
Ross Stores, Inc.	965	84,370
		568,287
Technology Hardware, Storage & Peripherals — 1.0%		
Hewlett Packard Enterprise Co.	2,970	45,857

Security	Shares	Value
Technology Hardware, Storage & Peripherals (continued)		
NetApp, Inc.	943	\$ 73,101
Seagate Technology PLC	668	35,150
		154,108
Textiles, Apparel & Luxury Goods — 3.0%		
Lululemon Athletica, Inc. ^(a)	396	47,500
Michael Kors Holdings Ltd. ^(a)	448	29,895
NIKE, Inc., Class B	3,042	233,960
PVH Corp.	227	34,849
Tapestry, Inc.	791	37,272
VF Corp.	882	81,206
		464,682
Trading Companies & Distributors — 0.3%		
W.W. Grainger, Inc.	149	51,637
Total Common Stocks — 99.0%		
(Cost — \$13,011,831)		15,328,567
Investment Companies — 0.7%		
United States — 0.7%		
iShares Edge MSCI USA Momentum Factor ETF ^(e)	934	104,262
Total Investment Companies — 0.7%		
(Cost — \$103,686)		104,262
Total Long-Term Investments — 99.7%		
(Cost — \$13,115,517)		15,432,829
Short-Term Securities — 3.9%		
BlackRock Cash Funds: Institutional,		
SL Agency Shares,		
2.18% ^{(c)(d)(e)}	570,973	571,145
BlackRock Cash Funds: Treasury,		
SL Agency Shares,		
1.86% ^{(c)(e)}	38,958	38,958
Total Short-Term Securities — 3.9%		
(Cost — \$610,098)		610,103
Total Investments — 103.6%		
(Cost — \$13,725,615)		16,042,932
Liabilities in Excess of Other Assets — (3.6%)		
		(562,882)
Net Assets — 100.0%		
		\$15,480,050

(a) Non-income producing security.

(b) Security, or a portion of the security, is on loan.

(c) Annualized 7-day yield as of period end.

(d) Security was purchased with the cash collateral from loaned securities.

July 31, 2018

(e) During the year ended July 31, 2018, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, and/or related parties of the Fund were as follows:

Affiliate	Shares Held at 07/31/17	Shares Purchased	Shares Sold	Shares Held at 07/31/18	Value at 07/31/18	Income	Net Realized Gain (Loss) ^(a)	Change in Unrealized Appreciation (Depreciation)
BlackRock Cash Funds: Institutional, SL Agency Shares . . .	21,794	549,179 ^(b)	—	570,973	\$571,145	\$ 253 ^(c)	\$ (30)	\$ 6
BlackRock Cash Funds: Treasury, SL Agency Shares	126,013	—	(87,055) ^(d)	38,958	38,958	998	—	—
BlackRock, Inc.	—	322	(60)	262	131,723	2,056	(288)	27
PNC Financial Services Group, Inc.	1,369	242	(1,611)	—	—	2,494	31,724	(13,823)
iShares Edge MSCI USA Momentum Factor ETF	1,602	6,466	(7,134)	934	104,262	506	19,157	(11,579)
					<u>\$846,088</u>	<u>\$ 6,307</u>	<u>\$ 50,563</u>	<u>\$ (25,369)</u>

(a) Includes net capital gain distributions, if applicable.

(b) Represents net shares purchased.

(c) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

(d) Represents net shares sold.

For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Derivative Financial Instruments Categorized by Risk Exposure

For the year ended July 31, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Net Realized Gain (Loss) from:							
Futures contracts	\$ —	\$ —	\$ 3,582	\$ —	\$ —	\$ —	\$3,582
Net Change in Unrealized Appreciation (Depreciation) on:							
Futures contracts	\$ —	\$ —	\$ 1,248	\$ —	\$ —	\$ —	\$1,248

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:	
Average notional value of contracts — long	\$— ^(a)

(a) Derivative not held at quarter-end. The amount shown in the Statements of Operations reflects the results of activity during the period.

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

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments categorized in the disclosure hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks ^(a)	\$15,328,567	\$ —	\$ —	\$15,328,567
Investment Companies	104,262	—	—	104,262
Short-Term Securities	610,103	—	—	610,103
	<u>\$16,042,932</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$16,042,932</u>

(a) See above Schedule of Investments for values in each sector.

During the year ended July 31, 2018, there were no transfers between levels.

See notes to financial statements.

Schedule of Investments

July 31, 2018

iShares Edge MSCI USA Quality Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Common Stocks — 99.9%		
Aerospace & Defense — 1.2%		
General Dynamics Corp.	1,172	\$ 234,119
Huntington Ingalls Industries, Inc.	193	44,978
		279,097
Air Freight & Logistics — 0.5%		
C.H. Robinson Worldwide, Inc.	639	58,935
Expeditors International of Washington, Inc.	868	66,116
		125,051
Auto Components — 0.6%		
Aptiv PLC	1,063	104,249
Lear Corp.	295	53,138
		157,387
Banks — 0.4%		
East West Bancorp, Inc.	1,507	97,563
Beverages — 0.9%		
Brown-Forman Corp., Class B	1,987	105,748
Monster Beverage Corp. ^(a)	1,855	111,337
		217,085
Biotechnology — 4.2%		
Amgen, Inc.	2,164	425,334
Biogen, Inc. ^(a)	802	268,165
Celgene Corp. ^(a)	2,361	212,702
Regeneron Pharmaceuticals, Inc. ^(a)	267	98,259
United Therapeutics Corp. ^(a)	137	16,839
		1,021,299
Building Products — 0.2%		
AO Smith Corp.	636	37,861
Capital Markets — 7.0%		
Ameriprise Financial, Inc.	1,620	235,985
BlackRock, Inc. ^(e)	1,189	597,782
Eaton Vance Corp.	1,552	82,458
Franklin Resources, Inc.	3,557	122,076
SEI Investments Co.	1,890	113,287
T. Rowe Price Group, Inc.	3,331	396,655
TD Ameritrade Holding Corp.	2,707	154,705
		1,702,948
Chemicals — 2.1%		
Air Products & Chemicals, Inc.	525	86,189
Celanese Corp., Series A	314	37,087
International Flavors & Fragrances, Inc.	206	27,349
LyondellBasell Industries NV, Class A	1,326	146,907
PPG Industries, Inc.	635	70,269
Praxair, Inc.	886	148,405
		516,206
Commercial Services & Supplies — 0.3%		
Copart, Inc. ^(a)	884	50,733
Rollins, Inc.	545	29,942
		80,675
Communications Equipment — 0.2%		
F5 Networks, Inc. ^(a)	278	47,644
Containers & Packaging — 0.2%		
Avery Dennison Corp.	201	23,051
Packaging Corp. of America	220	24,838
		47,889
Diversified Telecommunication Services — 1.8%		
AT&T, Inc.	6,168	197,191
CenturyLink, Inc.	827	15,523

Security	Shares	Value
Diversified Telecommunication Services (continued)		
Verizon Communications, Inc.	4,510	\$ 232,896
		445,610
Electric Utilities — 1.7%		
OGE Energy Corp.	4,967	180,004
Pinnacle West Capital Corp.	2,832	227,778
		407,782
Electrical Equipment — 0.7%		
Acuity Brands, Inc. ^(b)	186	25,860
Rockwell Automation, Inc.	731	137,106
		162,966
Electronic Equipment, Instruments & Components — 0.2%		
Cognex Corp.	589	31,087
IPG Photonics Corp. ^(a)	122	20,013
		51,100
Energy Equipment & Services — 0.2%		
Helmerich & Payne, Inc.	276	16,933
TechnipFMC PLC	1,081	35,186
		52,119
Equity Real Estate Investment Trusts (REITs) — 2.4%		
National Retail Properties, Inc.	468	20,878
Prologis, Inc.	1,674	109,848
Public Storage	729	158,798
Realty Income Corp.	761	42,441
Simon Property Group, Inc.	968	170,571
Weyerhaeuser Co.	2,239	76,529
		579,065
Food & Staples Retailing — 1.7%		
Costco Wholesale Corp.	1,919	419,704
Food Products — 0.4%		
Campbell Soup Co.	1,026	41,964
Hershey Co.	578	56,765
		98,729
Gas Utilities — 1.1%		
Atmos Energy Corp.	2,939	270,006
Health Care Equipment & Supplies — 2.0%		
Align Technology, Inc. ^(a)	321	114,485
Edwards Lifesciences Corp. ^(a)	708	100,855
Intuitive Surgical, Inc. ^(a)	334	169,735
ResMed, Inc.	467	49,399
Varian Medical Systems, Inc. ^(a)	339	39,137
		473,611
Health Care Providers & Services — 0.3%		
McKesson Corp.	603	75,737
Health Care Technology — 0.3%		
Cerner Corp. ^(a)	1,033	64,129
Hotels, Restaurants & Leisure — 2.0%		
Starbucks Corp.	9,073	475,334
Household Durables — 0.2%		
NVR, Inc. ^(a)	18	49,670
Industrial Conglomerates — 4.9%		
3M Co.	3,145	667,746
Honeywell International, Inc.	3,273	522,535
		1,190,281
Insurance — 6.1%		
Aflac, Inc.	7,233	336,624
Athene Holding Ltd., Class A ^(a)	1,525	69,952
Marsh & McLennan Cos., Inc.	5,953	496,242

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Quality Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Insurance (continued)		
Principal Financial Group, Inc.	2,968	\$ 172,381
Progressive Corp.	5,493	329,635
Torchmark Corp.	996	87,718
		<u>1,492,552</u>
Internet & Direct Marketing Retail — 1.8%		
Booking Holdings, Inc. ^{(a)(b)}	216	438,203
IT Services — 13.6%		
Accenture PLC, Class A	3,080	490,736
Automatic Data Processing, Inc.	2,126	286,989
Broadridge Financial Solutions, Inc.	422	47,678
International Business Machines Corp.	3,439	498,414
Jack Henry & Associates, Inc.	273	36,773
Mastercard, Inc., Class A	5,031	996,138
Paychex, Inc.	1,730	119,405
Visa, Inc., Class A	6,062	828,918
		<u>3,305,051</u>
Leisure Products — 0.2%		
Hasbro, Inc.	541	53,889
Life Sciences Tools & Services — 0.5%		
Mettler-Toledo International, Inc. ^(a)	131	77,619
Waters Corp. ^(a)	264	52,079
		<u>129,698</u>
Machinery — 1.5%		
Cummins, Inc.	705	100,681
Illinois Tool Works, Inc.	1,662	238,214
Snap-on, Inc.	220	37,310
		<u>376,205</u>
Media — 0.3%		
Omnicom Group, Inc.	1,025	70,551
Oil, Gas & Consumable Fuels — 6.1%		
Concho Resources, Inc. ^(a)	338	49,297
Exxon Mobil Corp.	9,689	789,750
Kinder Morgan, Inc.	4,878	86,731
Marathon Petroleum Corp.	1,403	113,405
ONEOK, Inc.	1,145	80,654
Phillips 66	1,419	175,019
Valero Energy Corp.	1,491	176,460
		<u>1,471,316</u>
Personal Products — 0.5%		
Estee Lauder Cos., Inc., Class A	895	120,771
Pharmaceuticals — 7.4%		
Bristol-Myers Squibb Co.	5,306	311,727
Eli Lilly & Co.	3,781	373,601
Johnson & Johnson	8,377	1,110,120
		<u>1,795,448</u>
Professional Services — 0.2%		
Robert Half International, Inc.	621	47,047
Real Estate Management & Development — 0.4%		
CBRE Group, Inc., Class A ^(a)	1,244	61,951
Jones Lang LaSalle, Inc.	166	28,388
		<u>90,339</u>
Semiconductors & Semiconductor Equipment — 5.9%		
Applied Materials, Inc.	3,795	184,551
KLA-Tencor Corp.	621	72,918
Maxim Integrated Products, Inc.	1,005	61,446
NVIDIA Corp.	2,494	610,681
Skyworks Solutions, Inc.	592	55,991

Security	Shares	Value
Semiconductors & Semiconductor Equipment (continued)		
Texas Instruments, Inc.	4,138	\$ 460,642
		<u>1,446,229</u>
Software — 1.3%		
Cadence Design Systems, Inc. ^(a)	952	41,974
Intuit, Inc.	1,379	281,647
		<u>323,621</u>
Specialty Retail — 4.9%		
Best Buy Co., Inc.	1,084	81,333
Gap, Inc.	1,017	30,683
Lowe's Cos., Inc.	3,547	352,359
Ross Stores, Inc.	2,358	206,160
TJX Cos., Inc.	4,004	389,429
Tractor Supply Co.	587	45,809
Ulta Salon Cosmetics & Fragrance, Inc. ^(a)	301	73,561
		<u>1,179,334</u>
Technology Hardware, Storage & Peripherals — 4.6%		
Apple, Inc.	5,852	1,113,577
Textiles, Apparel & Luxury Goods — 3.2%		
Lululemon Athletica, Inc. ^(a)	390	46,780
Michael Kors Holdings Ltd. ^(a)	775	51,716
NIKE, Inc., Class B	7,145	549,522
VF Corp.	1,484	136,632
		<u>784,650</u>
Tobacco — 3.1%		
Altria Group, Inc.	12,866	754,977
Trading Companies & Distributors — 0.6%		
Fastenal Co.	1,502	85,509
W.W. Grainger, Inc.	183	63,420
		<u>148,929</u>
Total Common Stocks — 99.9%		
(Cost — \$21,961,026)		<u>24,288,935</u>
Investment Companies — 0.0%		
iShares Edge MSCI USA Quality Factor ETF ^(e)	140	12,117
Total Investment Companies — 0.0%		
(Cost — \$10,415)		<u>12,117</u>
Total Long-Term Investments — 99.9%		
(Cost — \$21,971,441)		<u>24,301,052</u>
Short-Term Securities — 2.0%		
BlackRock Cash Funds: Institutional, SL Agency Shares, 2.18% ^{(c)(d)(e)}	472,915	473,057
BlackRock Cash Funds: Treasury, SL Agency Shares, 1.86% ^{(d)(e)}	4,281	4,281
Total Short-Term Securities — 2.0%		
(Cost — \$477,336)		<u>477,338</u>
Total Investments — 101.9%		
(Cost — \$22,448,777)		<u>24,778,390</u>
Liabilities in Excess of Other Assets — (1.9%)		
		<u>(453,453)</u>
Net Assets — 100.0%		
		<u>\$24,324,937</u>

(a) Non-income producing security.

(b) Security, or a portion of the security, is on loan.

(c) Security was purchased with the cash collateral from loaned securities.

July 31, 2018

(d) Annualized 7-day yield as of period end.

(e) During the year ended July 31, 2018, in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended were as follows:

Affiliate Persons and/or Related Parties	Shares Held at 07/31/17	Shares Purchased	Shares Sold	Shares Held at 07/31/18	Value at 07/31/18	Income	Net Realized Gain (Loss) ^(a)	Change in Unrealized Appreciation (Depreciation)
BlackRock Cash Funds: Institutional, SL Agency Shares	—	472,915 ^(b)	—	472,915	\$ 473,057	\$ 94 ^(c)	\$ (5)	\$ 2
BlackRock Cash Funds: Treasury, SL Agency Shares	4,171	110 ^(b)	—	4,281	4,281	1,668	—	—
BlackRock, Inc.	—	1,249	(60)	1,189	597,782	6,650	(1,101)	28,087
iShares Edge MSCI USA Quality Factor ETF	261	7,388	(7,509)	140	12,117	1,478	3,774	1,481
					<u>\$1,087,237</u>	<u>\$ 9,890</u>	<u>\$ 2,668</u>	<u>\$ 29,570</u>

(a) Includes net capital gain distributions, if applicable.

(b) Represents net shares purchased.

(c) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments categorized in the disclosure hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks ^(a)	\$24,288,935	\$ —	\$ —	\$24,288,935
Investment Companies	12,117	—	—	12,117
Short-Term Securities	477,338	—	—	477,338
	<u>\$24,778,390</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$24,778,390</u>

(a) See above Schedule of Investments for values in each sector.

During the year ended July 31, 2018, there were no transfers between levels.

See notes to financial statements.

Schedule of Investments

July 31, 2018

iShares Edge MSCI USA Size Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Common Stocks — 98.8%		
Aerospace & Defense — 2.6%		
Arconic, Inc.	246	\$ 5,336
Boeing Co.	49	17,459
General Dynamics Corp.	131	26,169
Harris Corp.	160	26,392
Huntington Ingalls Industries, Inc.	60	13,983
L3 Technologies, Inc.	113	24,232
Lockheed Martin Corp.	99	32,284
Northrop Grumman Corp.	97	29,147
Raytheon Co.	135	26,734
Rockwell Collins, Inc.	204	28,354
Spirit Aerosystems Holdings, Inc., Class A ^(a)	194	18,090
Textron, Inc.	227	15,497
TransDigm Group, Inc.	45	16,899
United Technologies Corp.	188	25,519
		306,095
Air Freight & Logistics — 0.8%		
C.H. Robinson Worldwide, Inc.	239	22,043
Expeditors International of Washington, Inc.	350	26,660
FedEx Corp.	67	16,473
United Parcel Service, Inc., Class B	212	25,417
XPO Logistics, Inc. ^(b)	38	3,789
		94,382
Airlines — 0.4%		
American Airlines Group, Inc.	191	7,552
Delta Air Lines, Inc.	223	12,136
Southwest Airlines Co.	230	13,377
United Continental Holdings, Inc. ^(b)	130	10,452
		43,517
Auto Components — 0.5%		
Aptiv PLC	117	11,474
Autoliv, Inc.	91	9,324
BorgWarner, Inc.	169	7,777
Goodyear Tire & Rubber Co.	431	10,435
Lear Corp.	88	15,851
		54,861
Automobiles — 0.4%		
Ford Motor Co.	1,388	13,936
General Motors Co.	385	14,595
Harley-Davidson, Inc.	251	10,765
Tesla, Inc. ^{(a)(b)}	20	5,963
		45,259
Banks — 2.9%		
Bank of America Corp.	390	12,043
BB&T Corp.	373	18,952
CIT Group, Inc.	272	14,397
Citigroup, Inc.	209	15,025
Citizens Financial Group, Inc.	281	11,178
Comerica, Inc.	128	12,408
East West Bancorp, Inc.	156	10,099
Fifth Third Bancorp	448	13,256
First Republic Bank	181	17,894
Huntington Bancshares, Inc.	1,011	15,610
JPMorgan Chase & Co.	187	21,496
KeyCorp	689	14,379
M&T Bank Corp.	125	21,669
People's United Financial, Inc.	1,259	22,952
PNC Financial Services Group, Inc. ^(e)	161	23,318
Regions Financial Corp.	547	10,180
Signature Bank	94	10,313
SunTrust Banks, Inc.	250	18,018

Security	Shares	Value
Banks (continued)		
SVB Financial Group ^(b)	21	\$ 6,465
U.S. Bancorp	544	28,837
Wells Fargo & Co.	315	18,046
Zions Bancorporation	197	10,185
		346,720
Beverages — 1.7%		
Brown-Forman Corp., Class B	434	23,098
Coca-Cola Co.	1,267	59,080
Constellation Brands, Inc., Class A	126	26,489
Molson Coors Brewing Co., Class B	236	15,812
Monster Beverage Corp. ^(b)	255	15,305
PepsiCo, Inc.	521	59,915
		199,699
Biotechnology — 1.0%		
AbbVie, Inc.	89	8,208
Alexion Pharmaceuticals, Inc. ^(b)	60	7,978
Alkermes PLC ^(b)	58	2,543
Alnylam Pharmaceuticals, Inc. ^(b)	20	1,900
Amgen, Inc.	84	16,510
Biogen, Inc. ^(b)	30	10,031
BioMarin Pharmaceutical, Inc. ^(b)	79	7,944
Celgene Corp. ^(b)	128	11,531
Gilead Sciences, Inc.	171	13,309
Incyte Corp. ^(b)	64	4,259
Regeneron Pharmaceuticals, Inc. ^(b)	28	10,304
Seattle Genetics, Inc. ^(b)	84	5,914
United Therapeutics Corp. ^(b)	83	10,202
Vertex Pharmaceuticals, Inc. ^(b)	32	5,602
		116,235
Building Products — 1.1%		
Allegion PLC	265	21,608
AO Smith Corp.	271	16,133
Fortune Brands Home & Security, Inc.	337	19,546
Johnson Controls International PLC	476	17,855
Lennox International, Inc.	100	21,708
Masco Corp.	452	18,229
Owens Corning	219	13,626
		128,705
Capital Markets — 3.4%		
Affiliated Managers Group, Inc.	55	8,800
Ameriprise Financial, Inc.	85	12,382
Bank of New York Mellon Corp.	357	19,089
BlackRock, Inc. ^(e)	38	19,105
Choe Global Markets, Inc.	171	16,609
Charles Schwab Corp.	164	8,374
CME Group, Inc.	154	24,504
E*Trade Financial Corp. ^(b)	159	9,510
Eaton Vance Corp.	279	14,823
Franklin Resources, Inc.	466	15,993
Goldman Sachs Group, Inc.	61	14,483
Intercontinental Exchange, Inc.	347	25,647
Invesco Ltd.	460	12,415
Moody's Corp.	115	19,679
Morgan Stanley	230	11,629
MSCI, Inc.	148	24,596
Nasdaq, Inc.	300	27,420
Northern Trust Corp.	171	18,677
Raymond James Financial, Inc.	123	11,266
S&P Global, Inc.	133	26,658
SEI Investments Co.	249	14,925
State Street Corp.	161	14,218
T. Rowe Price Group, Inc.	160	19,053

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Size Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Capital Markets (continued)		
TD Ameritrade Holding Corp.	192	\$ 10,973
		400,828
Chemicals — 2.5%		
Air Products & Chemicals, Inc.	160	26,267
Albemarle Corp.	87	8,195
Axalta Coating Systems Ltd. ^(b)	414	12,524
Celanese Corp., Series A	142	16,772
CF Industries Holdings, Inc.	149	6,619
Chemours Co.	131	6,001
DowDuPont, Inc.	268	18,430
Eastman Chemical Co.	197	20,413
Ecolab, Inc.	265	37,285
FMC Corp.	111	9,977
International Flavors & Fragrances, Inc.	197	26,154
LyondellBasell Industries NV, Class A	133	14,735
Mosaic Co.	279	8,401
PPG Industries, Inc.	222	24,567
Praxair, Inc.	189	31,657
Sherwin-Williams Co.	51	22,477
Westlake Chemical Corp.	97	10,400
		300,874
Commercial Services & Supplies — 1.9%		
Cintas Corp.	135	27,605
Copart, Inc. ^(b)	323	18,537
Iron Mountain, Inc.	546	19,170
Republic Services, Inc.	728	52,765
Rollins, Inc.	455	24,998
Stericycle, Inc. ^(b)	147	10,269
Waste Connections, Inc.	341	26,465
Waste Management, Inc.	545	49,050
		228,859
Communications Equipment — 0.8%		
Arista Networks, Inc. ^(b)	28	7,160
Cisco Systems, Inc.	434	18,354
CommScope Holding Co., Inc. ^(b)	261	8,381
F5 Networks, Inc. ^(b)	95	16,281
Juniper Networks, Inc.	485	12,775
Motorola Solutions, Inc.	195	23,653
Palo Alto Networks, Inc. ^(b)	33	6,543
		93,147
Construction & Engineering — 0.2%		
Fluor Corp.	196	10,045
Jacobs Engineering Group, Inc.	212	14,338
		24,383
Construction Materials — 0.2%		
Martin Marietta Materials, Inc.	57	11,367
Vulcan Materials Co.	103	11,536
		22,903
Consumer Finance — 0.6%		
Ally Financial, Inc.	545	14,584
American Express Co.	205	20,402
Capital One Financial Corp.	148	13,959
Discover Financial Services	216	15,425
Synchrony Financial	299	8,653
		73,023
Containers & Packaging — 1.2%		
Avery Dennison Corp.	233	26,720
Ball Corp.	704	27,435
Crown Holdings, Inc. ^(b)	554	25,079
International Paper Co.	316	16,979
Packaging Corp. of America	124	14,000

Security	Shares	Value
Containers & Packaging (continued)		
Sealed Air Corp.	442	\$ 19,479
WestRock Co.	217	12,582
		142,274
Distributors — 0.3%		
Genuine Parts Co.	220	21,408
LKQ Corp. ^{(a)(b)}	511	17,129
		38,537
Diversified Consumer Services — 0.1%		
H&R Block, Inc.	304	7,649
Diversified Financial Services — 0.5%		
Berkshire Hathaway, Inc., Class B ^(b)	187	37,002
Jefferies Financial Group, Inc.	518	12,561
Voya Financial, Inc.	180	9,094
		58,657
Diversified Telecommunication Services — 0.8%		
AT&T, Inc.	1,382	44,182
CenturyLink, Inc.	427	8,015
Verizon Communications, Inc.	540	27,886
Zayo Group Holdings, Inc. ^(b)	440	16,320
		96,403
Electric Utilities — 5.0%		
Alliant Energy Corp.	828	35,579
American Electric Power Co., Inc.	566	40,265
Duke Energy Corp.	525	42,851
Edison International	458	30,517
Entergy Corp.	453	36,820
Evergy, Inc.	1,191	66,803
Eversource Energy	622	37,768
Exelon Corp.	594	25,245
FirstEnergy Corp.	674	23,880
NextEra Energy, Inc.	258	43,225
OGE Energy Corp.	777	28,159
PG&E Corp. ^(b)	475	20,463
Pinnacle West Capital Corp.	496	39,893
PPL Corp.	1,078	31,014
Southern Co.	1,009	49,037
Xcel Energy, Inc.	934	43,767
		595,286
Electrical Equipment — 0.9%		
Acuity Brands, Inc. ^(a)	71	9,871
AMETEK, Inc.	322	25,052
Eaton Corp. PLC	236	19,628
Emerson Electric Co.	241	17,419
Rockwell Automation, Inc.	108	20,257
Sensata Technologies Holding PLC ^{(a)(b)}	244	13,266
		105,493
Electronic Equipment, Instruments & Components — 1.7%		
Amphenol Corp., Class A	354	33,102
Arrow Electronics, Inc. ^(b)	217	16,457
Avnet, Inc.	489	21,443
CDW Corp.	212	17,827
Cognex Corp.	173	9,131
Corning, Inc.	687	22,795
Flex Ltd. ^(b)	921	12,857
FLIR Systems, Inc.	313	18,342
IPG Photonics Corp. ^(b)	42	6,890
Keysight Technologies, Inc. ^(b)	254	14,732
TE Connectivity Ltd.	226	21,147
Trimble, Inc. ^(b)	280	9,884
		204,607

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Size Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Energy Equipment & Services — 0.5%		
Baker Hughes a GE Co.	221	\$ 7,642
Halliburton Co.	218	9,248
Helmerich & Payne, Inc.	64	3,926
National Oilwell Varco, Inc.	170	8,265
Schlumberger Ltd.	254	17,150
TechnipFMC PLC	241	7,845
		54,076
Equity Real Estate Investment Trusts (REITs) — 8.0%		
AGNC Investment Corp.	2,180	42,445
Alexandria Real Estate Equities, Inc.	210	26,762
American Tower Corp.	177	26,238
Annaly Capital Management, Inc.	3,421	36,673
AvalonBay Communities, Inc.	209	36,962
Boston Properties, Inc.	237	29,751
Camden Property Trust	330	30,555
Crown Castle International Corp.	255	28,262
Digital Realty Trust, Inc.	197	23,920
Duke Realty Corp.	954	27,781
Equinix, Inc.	70	30,750
Equity Residential	512	33,500
Essex Property Trust, Inc.	120	28,854
Extra Space Storage, Inc. ^(a)	186	17,478
Federal Realty Investment Trust	272	34,136
GGP, Inc.	845	18,015
HCP, Inc.	539	13,960
Host Hotels & Resorts, Inc.	753	15,768
Invitation Homes, Inc.	795	18,372
Kimco Realty Corp.	1,245	20,779
Liberty Property Trust	658	28,202
Macerich Co.	333	19,667
Mid-America Apartment Communities, Inc.	254	25,598
National Retail Properties, Inc.	564	25,160
Prologis, Inc.	357	23,426
Public Storage	121	26,357
Realty Income Corp.	423	23,591
Regency Centers Corp.	462	29,397
SBA Communications Corp. ^(b)	99	15,667
Simon Property Group, Inc.	179	31,542
SL Green Realty Corp.	218	22,478
UDR, Inc.	834	32,092
Ventas, Inc.	330	18,605
VEREIT, Inc.	3,030	23,119
Vornado Realty Trust	386	27,761
Welltower, Inc.	322	20,157
Weyerhaeuser Co.	421	14,390
		948,170
Food & Staples Retailing — 1.0%		
Costco Wholesale Corp.	129	28,213
Kroger Co.	402	11,658
Sysco Corp.	414	27,825
Walgreens Boots Alliance, Inc.	336	22,720
Walmart, Inc.	268	23,914
		114,330
Food Products — 2.7%		
Archer-Daniels-Midland Co.	374	18,049
Bunge Ltd.	161	11,130
Campbell Soup Co.	487	19,918
Conagra Brands, Inc.	614	22,540
General Mills, Inc.	593	27,313
Hershey Co.	289	28,383
Hormel Foods Corp.	634	22,805
Ingredion, Inc.	182	18,437
J.M. Smucker Co.	176	19,557

Security	Shares	Value
Food Products (continued)		
Kellogg Co.	508	\$ 36,083
Kraft Heinz Co.	387	23,317
McCormick & Co., Inc.	278	32,676
Mondelez International, Inc., Class A	543	23,555
Tyson Foods, Inc., Class A	224	12,914
		316,677
Gas Utilities — 0.6%		
Atmos Energy Corp.	419	38,494
UGI Corp.	681	36,188
		74,682
Health Care Equipment & Supplies — 3.4%		
Abbott Laboratories	354	23,201
ABIOMED, Inc. ^(b)	18	6,381
Align Technology, Inc. ^(b)	32	11,413
Baxter International, Inc.	368	26,662
Becton Dickinson & Co.	135	33,800
Boston Scientific Corp. ^(b)	724	24,334
Cooper Cos., Inc. ^(a)	77	20,058
Danaher Corp.	338	34,672
DENTSPLY SIRONA, Inc.	382	18,378
Edwards Lifesciences Corp. ^(b)	94	13,390
Hologic, Inc. ^{(a)(b)}	459	19,696
IDEXX Laboratories, Inc. ^(b)	61	14,941
Intuitive Surgical, Inc. ^(b)	45	22,869
Medtronic PLC	337	30,407
ResMed, Inc.	170	17,983
Stryker Corp.	180	29,385
Teleflex, Inc.	69	18,817
Varian Medical Systems, Inc. ^(b)	174	20,088
Zimmer Biomet Holdings, Inc.	156	19,581
		406,056
Health Care Providers & Services — 2.7%		
Aetna, Inc.	100	18,839
AmerisourceBergen Corp.	138	11,293
Anthem, Inc.	84	21,252
Cardinal Health, Inc.	221	11,039
Centene Corp. ^(b)	91	11,860
Cigna Corp.	93	16,686
CVS Health Corp.	265	17,188
DaVita, Inc. ^(b)	246	17,289
Express Scripts Holding Co. ^(b)	210	16,687
HCA Healthcare, Inc.	188	23,355
Henry Schein, Inc. ^(b)	281	22,314
Humana, Inc.	45	14,138
Laboratory Corp. of America Holdings ^(b)	153	26,827
McKesson Corp.	79	9,922
Quest Diagnostics, Inc.	293	31,562
UnitedHealth Group, Inc.	101	25,575
Universal Health Services, Inc., Class B	154	18,803
		314,629
Health Care Technology — 0.2%		
Cerner Corp. ^(b)	217	13,471
Veeva Systems, Inc., Class A ^(b)	115	8,698
		22,169
Hotels, Restaurants & Leisure — 2.4%		
Aramark	866	34,822
Carnival Corp.	321	19,016
Chipotle Mexican Grill, Inc. ^(b)	13	5,638
Darden Restaurants, Inc.	231	24,703
Domino's Pizza, Inc.	55	14,446
Hilton Worldwide Holdings, Inc.	235	18,485
Las Vegas Sands Corp.	121	8,700

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Size Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Hotels, Restaurants & Leisure (continued)		
Marriott International, Inc., Class A	155	\$ 19,815
McDonald's Corp.	209	32,926
MGM Resorts International	369	11,576
Norwegian Cruise Line Holdings Ltd. ^(b)	167	8,355
Royal Caribbean Cruises Ltd.	111	12,516
Starbucks Corp.	466	24,414
Vail Resorts, Inc.	96	26,580
Wynn Resorts Ltd.	27	4,503
Yum! Brands, Inc.	298	23,628
		290,123
Household Durables — 1.3%		
D.R. Horton, Inc.	355	15,513
Garmin Ltd.	226	14,114
Leggett & Platt, Inc.	579	25,227
Lennar Corp., Class A	292	15,263
Mohawk Industries, Inc. ^(b)	112	21,096
Newell Brands, Inc.	383	10,031
NVR, Inc. ^(b)	6	16,556
PulteGroup, Inc.	489	13,932
Toll Brothers, Inc.	364	12,835
Whirlpool Corp.	76	9,964
		154,531
Household Products — 1.7%		
Church & Dwight Co., Inc.	669	37,397
Clorox Co.	294	39,740
Colgate-Palmolive Co.	595	39,871
Kimberly-Clark Corp.	317	36,094
Procter & Gamble Co.	605	48,932
		202,034
Independent Power and Renewable Electricity Producers — 0.3%		
AES Corp.	1,281	17,114
Vistra Energy Corp. ^(b)	903	20,408
		37,522
Industrial Conglomerates — 0.9%		
3M Co.	137	29,088
General Electric Co.	1,115	15,197
Honeywell International, Inc.	200	31,930
Roper Technologies, Inc.	92	27,775
		103,990
Insurance — 8.0%		
Aflac, Inc.	837	38,954
Alleghany Corp.	57	35,868
Allstate Corp.	356	33,863
American Financial Group, Inc.	326	36,737
American International Group, Inc.	440	24,292
Aon PLC	267	38,328
Arch Capital Group Ltd. ^(b)	1,404	42,906
Arthur J Gallagher & Co.	468	33,392
Assurant, Inc.	181	19,964
Athene Holding Ltd., Class A ^(b)	253	11,605
Axis Capital Holdings Ltd.	474	26,809
Brighthouse Financial, Inc. ^(b)	275	11,943
Chubb Ltd.	308	43,034
Cincinnati Financial Corp.	444	33,580
Everest Re Group Ltd.	131	28,604
FNF Group	703	28,472
Hartford Financial Services Group, Inc.	448	23,610
Lincoln National Corp.	119	8,104
Loews Corp.	689	34,987
Markel Corp. ^(b)	35	40,950
Marsh & McLennan Cos., Inc.	544	45,348
MetLife, Inc.	252	11,527

Security	Shares	Value
Insurance (continued)		
Principal Financial Group, Inc.	288	\$ 16,727
Progressive Corp.	514	30,845
Prudential Financial, Inc.	132	13,320
Reinsurance Group of America, Inc.	210	29,715
RenaissanceRe Holdings Ltd.	309	40,742
Torchmark Corp.	435	38,311
Travelers Cos., Inc.	257	33,446
Unum Group	354	14,064
W.R. Berkley Corp.	482	36,540
Willis Towers Watson PLC	167	26,623
XL Group Ltd.	248	13,945
		947,155
Internet & Direct Marketing Retail — 0.5%		
Amazon.com, Inc. ^(b)	9	15,997
Booking Holdings, Inc. ^(b)	6	12,172
Expedia Group, Inc.	84	11,243
Neflix, Inc. ^{(a)(b)}	14	4,724
Qurate Retail, Inc. ^(b)	469	9,985
TripAdvisor, Inc. ^{(a)(b)}	100	5,799
		59,920
Internet Software & Services — 1.1%		
Akamai Technologies, Inc. ^(b)	110	8,279
Alphabet, Inc., Class A ^(b)	14	17,181
Alphabet, Inc., Class C ^(b)	11	13,390
eBay, Inc. ^(b)	307	10,269
Facebook, Inc., Class A ^(b)	89	15,360
GoDaddy, Inc., Class A ^(b)	135	9,939
IAC/InterActiveCorp ^(b)	61	8,982
MercadoLibre, Inc.	23	7,887
Twitter, Inc. ^(b)	104	3,314
VeriSign, Inc. ^(b)	161	23,382
Zillow Group, Inc., Class C ^(b)	146	8,132
		126,115
IT Services — 4.4%		
Accenture PLC, Class A	173	27,564
Alliance Data Systems Corp.	47	10,569
Automatic Data Processing, Inc.	191	25,783
Broadridge Financial Solutions, Inc.	251	28,358
Cognizant Technology Solutions Corp., Class A	239	19,479
DXC Technology Co.	69	5,847
Fidelity National Information Services, Inc.	299	30,836
First Data Corp., Class A ^(b)	375	8,723
Fiserv, Inc. ^(b)	552	41,665
FleetCor Technologies, Inc. ^(b)	65	14,105
Gartner, Inc. ^(b)	134	18,148
Global Payments, Inc.	165	18,574
International Business Machines Corp.	150	21,739
Jack Henry & Associates, Inc.	317	42,700
Leidos Holdings, Inc.	216	14,779
Mastercard, Inc., Class A	169	33,462
Paychex, Inc.	411	28,367
PayPal Holdings, Inc. ^(b)	98	8,050
Sabre Corp.	428	10,537
Square, Inc., Class A ^(b)	120	7,758
Total System Services, Inc.	226	20,688
Visa, Inc., Class A	295	40,338
Western Union Co.	1,072	21,612
Worldpay, Inc., Class A ^(b)	292	23,999
		523,680
Leisure Products — 0.3%		
Hasbro, Inc.	183	18,229
Mattel, Inc.	416	6,602

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Size Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Leisure Products (continued)		
Polaris Industries, Inc.	70	\$ 7,379
		32,210
Life Sciences Tools & Services — 1.0%		
Agilent Technologies, Inc.	314	20,737
Illumina, Inc. ^(b)	23	7,460
IQVIA Holdings, Inc. ^(b)	184	22,437
Mettler-Toledo International, Inc. ^(b)	37	21,923
Thermo Fisher Scientific, Inc.	129	30,254
Waters Corp. ^(b)	109	21,502
		124,313
Machinery — 2.8%		
AGCO Corp.	190	11,974
Caterpillar, Inc.	84	12,079
Cummins, Inc.	105	14,995
Deere & Co.	81	11,728
Dover Corp.	224	18,588
Flowserve Corp.	240	10,639
Fortive Corp.	129	10,588
IDEX Corp.	193	29,641
Illinois Tool Works, Inc.	164	23,506
Ingersoll-Rand PLC	222	21,869
Middleby Corp. ^{(a)(b)}	109	11,170
PACCAR, Inc.	233	15,313
Parker-Hannifin Corp.	92	15,553
Pentair PLC	322	14,377
Snap-on, Inc.	135	22,895
Stanley Black & Decker, Inc.	197	29,446
WABCO Holdings, Inc. ^(b)	110	13,825
Wabtec Corp.	117	12,907
Xylem, Inc.	350	26,796
		327,889
Media — 3.0%		
CBS Corp., Class B	357	18,803
Charter Communications, Inc., Class A ^(b)	58	17,666
Comcast Corp., Class A	745	26,656
Discovery, Inc., Class A ^(b)	401	10,659
Discovery, Inc., Class C ^(b)	413	10,139
DISH Network Corp., Class A ^(b)	397	12,529
Interpublic Group of Cos., Inc.	725	16,349
Liberty Broadband Corp., Class C ^(b)	220	17,483
Liberty Global PLC, Class A ^(b)	362	10,219
Liberty Global PLC, Class C ^(b)	442	11,996
Liberty Media Corp. — Liberty SiriusXM, Class A ^(b)	452	21,307
Liberty Media Corp. — Liberty SiriusXM, Class C ^(b)	444	20,970
Liberty Media Corp.-Liberty Formula One, Class C ^{(a)(b)}	197	6,944
Live Nation Entertainment, Inc. ^(b)	310	15,277
News Corp., Class A	937	14,121
Omnicom Group, Inc.	438	30,148
Sirius XM Holdings, Inc. ^(a)	3,460	24,289
Twenty-First Century Fox, Inc., Class A	418	18,810
Twenty-First Century Fox, Inc., Class B	410	18,212
Viacom, Inc., Class B	236	6,856
Walt Disney Co.	256	29,071
		358,504
Metals & Mining — 0.2%		
Freeport-McMoRan, Inc.	89	1,468
Newmont Mining Corp.	181	6,639
Nucor Corp.	176	11,780
Steel Dynamics, Inc.	155	7,299
		27,186
Multi-Utilities — 3.3%		
Ameren Corp.	620	38,477

Security	Shares	Value
Multi-Utilities (continued)		
CenterPoint Energy, Inc.	1,255	\$ 35,742
CMS Energy Corp.	852	41,186
Consolidated Edison, Inc.	465	36,702
Dominion Energy, Inc.	593	42,524
DTE Energy Co.	441	47,866
NiSource, Inc.	850	22,253
Public Service Enterprise Group, Inc.	567	29,235
SCANA Corp.	422	16,876
Sempra Energy	306	35,371
WEC Energy Group, Inc.	622	41,282
		387,514
Multiline Retail — 0.5%		
Dollar General Corp.	127	12,465
Dollar Tree, Inc. ^(b)	128	11,684
Kohl's Corp.	93	6,870
Macy's, Inc.	156	6,198
Nordstrom, Inc.	145	7,599
Target Corp.	185	14,926
		59,742
Oil, Gas & Consumable Fuels — 2.6%		
Anadarko Petroleum Corp.	88	6,437
Andeavor	71	10,654
Antero Resources Corp. ^(b)	371	7,620
Apache Corp.	140	6,440
Cabot Oil & Gas Corp.	381	8,954
Cheniere Energy, Inc. ^(b)	108	6,858
Chevron Corp.	174	21,971
Cimarex Energy Co.	119	11,733
Concho Resources, Inc. ^(b)	97	14,147
ConocoPhillips	121	8,733
Continental Resources, Inc. ^(b)	53	3,385
Devon Energy Corp.	148	6,661
Diamondback Energy, Inc.	66	8,709
EOG Resources, Inc.	103	13,281
EQT Corp.	179	8,893
Exxon Mobil Corp.	397	32,359
Hess Corp.	110	7,219
HollyFrontier Corp.	109	8,129
Kinder Morgan, Inc.	423	7,521
Marathon Oil Corp.	155	3,274
Marathon Petroleum Corp.	123	9,942
Newfield Exploration Co. ^(b)	174	4,997
Noble Energy, Inc.	186	6,713
Occidental Petroleum Corp.	234	19,640
ONEOK, Inc.	89	6,269
Parsley Energy, Inc., Class A ^(b)	190	5,972
Phillips 66	161	19,858
Pioneer Natural Resources Co.	52	9,842
Plains GP Holdings LP, Class A ^(b)	109	2,648
Targa Resources Corp.	45	2,298
Valero Energy Corp.	118	13,965
Williams Cos., Inc.	108	3,213
		308,335
Personal Products — 0.3%		
Coty, Inc., Class A	512	6,866
Estee Lauder Cos., Inc., Class A	175	23,614
		30,480
Pharmaceuticals — 1.8%		
Allergan PLC	60	11,045
Bristol-Myers Squibb Co.	263	15,451
Eli Lilly & Co.	234	23,122
Jazz Pharmaceuticals PLC ^(b)	55	9,519

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Size Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Pharmaceuticals (continued)		
Johnson & Johnson	348	\$ 46,117
Merck & Co., Inc.	455	29,971
Mylan NV ^(b)	143	5,335
Nektar Therapeutics ^(b)	30	1,578
Perrigo Co. PLC	125	10,065
Pfizer, Inc.	778	31,066
Zoetis, Inc.	287	24,820
		<u>208,089</u>
Professional Services — 1.1%		
CoStar Group, Inc. ^(b)	40	16,634
Equifax, Inc.	117	14,684
IHS Markit Ltd. ^(b)	408	21,636
ManpowerGroup, Inc.	140	13,056
Nielsen Holdings PLC	610	14,372
Robert Half International, Inc.	211	15,985
TransUnion	120	8,688
Verisk Analytics, Inc. ^(b)	258	28,540
		<u>133,595</u>
Real Estate Management & Development — 0.2%		
CBRE Group, Inc., Class A ^(b)	308	15,338
Jones Lang LaSalle, Inc.	61	10,432
		<u>25,770</u>
Road & Rail — 1.0%		
AMERCO	49	18,477
CSX Corp.	180	12,722
JB Hunt Transport Services, Inc.	156	18,704
Kansas City Southern	124	14,418
Knight-Swift Transportation Holdings, Inc.	294	9,570
Norfolk Southern Corp.	94	15,886
Old Dominion Freight Line, Inc.	91	13,359
Union Pacific Corp.	129	19,336
		<u>122,472</u>
Semiconductors & Semiconductor Equipment — 1.6%		
Advanced Micro Devices, Inc. ^{(a)(b)}	209	3,831
Analog Devices, Inc.	159	15,286
Applied Materials, Inc.	195	9,483
Broadcom, Inc.	38	8,427
Intel Corp.	282	13,564
KLA-Tencor Corp.	108	12,681
Lam Research Corp.	45	8,579
Marvell Technology Group Ltd.	547	11,657
Maxim Integrated Products, Inc.	255	15,591
Microchip Technology, Inc. ^(a)	167	15,603
Micron Technology, Inc. ^(b)	99	5,226
NVIDIA Corp.	23	5,632
ON Semiconductor Corp. ^(b)	320	7,056
Qorvo, Inc. ^(b)	49	4,006
QUALCOMM, Inc.	201	12,882
Skyworks Solutions, Inc.	65	6,148
Texas Instruments, Inc.	179	19,926
Xilinx, Inc.	215	15,495
		<u>191,073</u>
Software — 3.2%		
Activision Blizzard, Inc.	174	12,775
Adobe Systems, Inc. ^(b)	81	19,819
ANSYS, Inc. ^(b)	135	22,799
Autodesk, Inc. ^(b)	48	6,165
CA, Inc.	638	28,206
Cadence Design Systems, Inc. ^(b)	468	20,634
CDK Global, Inc.	345	21,545
Citrix Systems, Inc. ^(b)	189	20,784
Dell Technologies, Inc., Class V ^(b)	88	8,142

Security	Shares	Value
Software (continued)		
Electronic Arts, Inc. ^(b)	83	\$ 10,686
Fortinet, Inc. ^(b)	162	10,191
Intuit, Inc.	109	22,262
Microsoft Corp.	241	25,565
Oracle Corp.	429	20,455
Red Hat, Inc. ^(b)	103	14,547
salesforce.com, Inc. ^(b)	118	16,184
ServiceNow, Inc. ^(b)	62	10,910
Splunk, Inc. ^(b)	60	5,766
SS&C Technologies Holdings, Inc.	296	15,709
Symantec Corp.	485	9,807
Synopsys, Inc. ^(b)	310	27,723
Take-Two Interactive Software, Inc. ^(b)	112	12,658
VMware, Inc., Class A ^(b)	69	9,977
Workday, Inc., Class A ^(b)	53	6,573
		<u>379,882</u>
Specialty Retail — 1.9%		
Advance Auto Parts, Inc.	75	10,592
AutoZone, Inc. ^(b)	30	21,166
Best Buy Co., Inc.	105	7,878
CarMax, Inc. ^(b)	192	14,339
Gap, Inc.	245	7,392
Home Depot, Inc.	154	30,418
L Brands, Inc.	247	7,822
Lowe's Cos., Inc.	231	22,948
O'Reilly Automotive, Inc. ^(b)	42	12,852
Ross Stores, Inc.	233	20,371
Tiffany & Co.	140	19,258
TJX Cos., Inc.	325	31,610
Tractor Supply Co.	140	10,926
Ulta Salon Cosmetics & Fragrance, Inc. ^(b)	42	10,264
		<u>227,836</u>
Technology Hardware, Storage & Peripherals — 0.5%		
Apple, Inc.	79	15,033
Hewlett Packard Enterprise Co.	385	5,944
HP, Inc.	443	10,224
NetApp, Inc.	128	9,923
Seagate Technology PLC	96	5,052
Western Digital Corp.	55	3,858
Xerox Corp.	425	11,037
		<u>61,071</u>
Textiles, Apparel & Luxury Goods — 0.9%		
Hanesbrands, Inc.	514	11,442
Lululemon Athletica, Inc. ^(b)	65	7,797
Michael Kors Holdings Ltd. ^(b)	65	4,337
NIKE, Inc., Class B	251	19,304
PVH Corp.	88	13,510
Ralph Lauren Corp.	69	9,314
Tapestry, Inc.	276	13,005
Under Armour, Inc., Class A ^(b)	198	3,954
Under Armour, Inc., Class C ^{(a)(b)}	448	8,395
VF Corp.	237	21,821
		<u>112,879</u>
Thriffs & Mortgage Finance — 0.1%		
New York Community Bancorp, Inc.	1,618	17,426
Tobacco — 0.4%		
Altria Group, Inc.	486	28,519
Philip Morris International, Inc.	288	24,854
		<u>53,373</u>
Trading Companies & Distributors — 0.4%		
Fastenal Co.	343	19,527

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Size Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Trading Companies & Distributors (continued)		
HD Supply Holdings, Inc. ^(b)	203	\$ 8,928
United Rentals, Inc. ^(b)	26	3,869
W.W. Grainger, Inc.	36	12,476
		<u>44,800</u>
Water Utilities — 0.3%		
American Water Works Co., Inc.	428	37,771
Wireless Telecommunication Services — 0.2%		
Sprint Corp. ^(b)	710	3,855
T-Mobile U.S., Inc. ^(b)	281	16,860
		<u>20,715</u>
Total Common Stocks — 98.8%		
(Cost — \$10,122,067)		<u>11,717,180</u>
Investment Companies — 1.0%		
iShares Edge MSCI USA Size Factor ETF ^(e)	1,354	117,257
Total Investment Companies — 1.0%		
(Cost — \$113,690)		<u>117,257</u>
Total Long-Term Investments — 99.8%		
(Cost — \$10,235,757)		<u>11,834,437</u>

Security	Shares	Value
Short-Term Securities — 1.8%		
BlackRock Cash Funds: Institutional, SL Agency Shares, 2.18% ^{(c)(d)(e)}	190,624	\$ 190,681
BlackRock Cash Funds: Treasury, SL Agency Shares, 1.86% ^{(c)(e)}	22,510	22,510
Total Short-Term Securities — 1.8%		
(Cost — \$213,154)		<u>213,191</u>
Total Investments — 101.6%		
(Cost — \$10,448,911)		<u>12,047,628</u>
Liabilities in Excess of Other Assets — (1.6)%		
		<u>(188,199)</u>
Net Assets — 100.0%		
		<u>\$11,859,429</u>

- (a) Security, or a portion of the security, is on loan.
- (b) Non-income producing security.
- (c) Annualized 7-day yield as of period end.
- (d) Security was purchased with the cash collateral from loaned securities.

(e) During the year ended July 31, 2018, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, and/or related parties of the Fund were as follows:

Affiliate Persons and/or Related Parties	Shares Held at 07/31/17	Shares Purchased	Shares Sold	Shares Held at 07/31/18	Value at 07/31/18	Income	Net Realized Gain (Loss) ^(a)	Change in Unrealized Appreciation (Depreciation)
BlackRock Cash Funds: Institutional, SL Agency Shares	204,556	—	(13,932) ^(b)	190,624	\$190,681	\$ 1,333 ^(c)	\$ (44)	\$ 38
BlackRock Cash Funds: Treasury, SL Agency Shares	38,164	—	(15,654) ^(b)	22,510	22,510	628	—	—
BlackRock, Inc.	44	—	(6)	38	19,105	456	815	2,728
PNC Financial Services Group, Inc.	179	—	(18)	161	23,318	529	405	2,388
iShares Edge MSCI USA Value Factor ETF	51	2,865	(1,562)	1,354	117,257	1,255	261	3,358
					<u>\$372,871</u>	<u>\$ 4,201</u>	<u>\$ 1,437</u>	<u>\$ 8,512</u>

- (a) Includes net capital gain distributions, if applicable.
- (b) Represents net shares sold.
- (c) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

July 31, 2018

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks ^(a)	\$11,717,180	\$ —	\$ —	\$11,717,180
Investment Companies	117,257	—	—	117,257
Short-Term Securities:	213,191	—	—	213,191
	<u>\$12,047,628</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$12,047,628</u>

^(a) See above Schedule of Investments for values in each sector.

During the year ended July 31, 2018, there were no transfers between levels.

See notes to financial statements.

Schedule of Investments

July 31, 2018

iShares Edge MSCI USA Value Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Common Stocks — 99.2%		
Aerospace & Defense — 0.3%		
Arconic, Inc.	695	\$ 15,074
Spirit Aerosystems Holdings, Inc., Class A	227	21,168
		36,242
Air Freight & Logistics — 1.3%		
FedEx Corp.	651	160,061
Airlines — 2.5%		
American Airlines Group, Inc.	1,240	49,030
Delta Air Lines, Inc.	2,006	109,166
Southwest Airlines Co.	1,216	70,723
United Continental Holdings, Inc. ^(a)	850	68,340
		297,259
Auto Components — 1.1%		
BorgWarner, Inc.	681	31,339
Goodyear Tire & Rubber Co.	1,571	38,034
Lear Corp.	345	62,145
		131,518
Automobiles — 5.5%		
Ford Motor Co.	25,014	251,141
General Motors Co.	10,729	406,736
		657,877
Banks — 6.7%		
Bank of America Corp.	13,252	409,222
CIT Group, Inc.	214	11,327
Citigroup, Inc.	4,941	355,208
Citizens Financial Group, Inc.	743	29,557
		805,314
Beverages — 0.2%		
Molson Coors Brewing Co., Class B	341	22,847
Biotechnology — 2.4%		
Gilead Sciences, Inc.	3,538	275,362
United Therapeutics Corp. ^(a)	113	13,889
		289,251
Building Products — 0.2%		
Owens Corning	367	22,835
Capital Markets — 1.8%		
Goldman Sachs Group, Inc.	550	130,587
Morgan Stanley	1,695	85,699
		216,286
Chemicals — 1.2%		
Eastman Chemical Co.	277	28,703
LyondellBasell Industries NV, Class A	755	83,646
Mosaic Co.	906	27,280
Westlake Chemical Corp.	32	3,431
		143,060
Commercial Services & Supplies — 0.1%		
Stericycle, Inc. ^(a)	137	9,571
Communications Equipment — 3.0%		
Cisco Systems, Inc.	8,102	342,633
Juniper Networks, Inc.	764	20,124
		362,757
Construction & Engineering — 0.9%		
Fluor Corp.	663	33,979
Jacobs Engineering Group, Inc.	1,022	69,118
		103,097

Security	Shares	Value
Consumer Finance — 1.0%		
Ally Financial, Inc.	1,059	\$ 28,339
Capital One Financial Corp.	1,028	96,961
		125,300
Containers & Packaging — 0.3%		
WestRock Co.	567	32,875
Diversified Financial Services — 0.3%		
Jefferies Financial Group, Inc.	389	9,433
Voya Financial, Inc.	414	20,915
		30,348
Diversified Telecommunication Services — 1.8%		
AT&T, Inc.	6,112	195,401
CenturyLink, Inc.	976	18,319
		213,720
Electric Utilities — 2.3%		
Entergy Corp.	481	39,096
Exelon Corp.	4,039	171,658
PG&E Corp. ^(a)	1,605	69,143
		279,897
Electrical Equipment — 0.4%		
Eaton Corp. PLC	620	51,565
Electronic Equipment, Instruments & Components — 0.8%		
Arrow Electronics, Inc. ^(a)	178	13,499
Avnet, Inc.	206	9,033
Corning, Inc.	1,643	54,515
Flex Ltd. ^(a)	1,197	16,710
		93,757
Equity Real Estate Investment Trusts (REITs) — 2.8%		
AGNC Investment Corp.	904	17,601
Annaly Capital Management, Inc.	2,351	25,202
Host Hotels & Resorts, Inc.	9,750	204,165
National Retail Properties, Inc.	575	25,651
VEREIT, Inc.	8,886	67,800
		340,419
Food & Staples Retailing — 5.4%		
CVS Health Corp.	2,489	161,436
Kroger Co.	2,411	69,919
Walgreens Boots Alliance, Inc.	1,838	124,286
Walmart, Inc.	3,261	290,979
		646,620
Food Products — 2.3%		
Archer-Daniels-Midland Co.	1,910	92,177
Bunge Ltd.	530	36,639
Ingredion, Inc.	134	13,574
J.M. Smucker Co.	292	32,447
Kraft Heinz Co.	821	49,465
Tyson Foods, Inc., Class A	924	53,269
		277,571
Health Care Providers & Services — 4.6%		
AmerisourceBergen Corp.	339	27,740
Anthem, Inc.	493	124,729
Cardinal Health, Inc.	586	29,271
Centene Corp. ^(a)	418	54,478
Cigna Corp.	473	84,866
DaVita, Inc. ^(a)	213	14,969
Express Scripts Holding Co. ^(a)	1,682	133,652
Mckesson Corp.	494	62,046
Universal Health Services, Inc., Class B	198	24,176
		555,927

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Value Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Hotels, Restaurants & Leisure — 0.7%		
Carnival Corp.	1,454	\$ 86,135
Household Durables — 0.8%		
Lennar Corp., Class A	501	26,187
Newell Brands, Inc.	950	24,881
Toll Brothers, Inc.	295	10,402
Whirlpool Corp.	273	35,790
		97,260
Independent Power and Renewable Electricity Producers — 0.3%		
AES Corp.	1,881	25,130
Vistra Energy Corp. ^(a)	542	12,249
		37,379
Insurance — 3.8%		
Aflac, Inc.	826	38,442
American International Group, Inc.	1,983	109,482
Athene Holding Ltd., Class A ^(a)	235	10,780
Axis Capital Holdings Ltd.	102	5,769
Brighthouse Financial, Inc. ^(a)	245	10,640
Everest Re Group Ltd.	58	12,664
Hartford Financial Services Group, Inc.	419	22,081
Lincoln National Corp.	491	33,437
Loews Corp.	412	20,921
MetLife, Inc.	1,888	86,357
Prudential Financial, Inc.	958	96,672
Unum Group	361	14,343
		461,588
Internet & Direct Marketing Retail — 0.1%		
Qurate Retail, Inc. ^(a)	668	14,222
IT Services — 1.9%		
Alliance Data Systems Corp.	68	15,292
DXC Technology Co.	541	45,844
International Business Machines Corp.	1,158	167,829
		228,965
Machinery — 1.3%		
AGCO Corp.	504	31,762
Cummins, Inc.	636	90,827
PACCAR, Inc.	576	37,855
		160,444
Media — 1.0%		
Discovery, Inc., Class A ^(a)	511	13,582
Discovery, Inc., Class C ^(a)	954	23,421
News Corp., Class A	2,184	32,913
Viacom, Inc., Class B	1,530	44,446
		114,362
Metals & Mining — 1.2%		
Freeport-McMoRan, Inc.	3,512	57,948
Newmont Mining Corp.	805	29,527
Nucor Corp.	543	36,343
Steel Dynamics, Inc.	364	17,141
		140,959
Multi-Utilities — 0.1%		
SCANA Corp.	444	17,756
Multiline Retail — 2.7%		
Kohl's Corp.	1,034	76,382
Macy's, Inc.	1,839	73,063
Nordstrom, Inc.	419	21,960
Target Corp.	1,904	153,615
		325,020
Oil, Gas & Consumable Fuels — 6.3%		
Andeavor	278	41,717

Security	Shares	Value
Oil, Gas & Consumable Fuels (continued)		
Antero Resources Corp. ^(a)	690	\$ 14,173
Chevron Corp.	2,998	378,557
EQT Corp.	297	14,755
HollyFrontier Corp.	357	26,625
Kinder Morgan, Inc.	2,342	41,641
Marathon Petroleum Corp.	1,021	82,527
Newfield Exploration Co. ^(a)	267	7,668
Plains GP Holdings LP, Class A ^(a)	289	7,020
Valero Energy Corp.	1,201	142,138
		756,821
Paper & Forest Products — 0.2%		
International Paper Co.	515	27,671
Personal Products — 0.1%		
Coty, Inc., Class A	854	11,452
Pharmaceuticals — 6.0%		
Allergan PLC	1,076	198,081
Jazz Pharmaceuticals PLC ^(a)	61	10,558
Mylan NV ^(a)	1,597	59,584
Perrigo Co. PLC	230	18,520
Pfizer, Inc.	10,940	436,834
		723,577
Professional Services — 0.2%		
ManpowerGroup, Inc.	249	23,222
Real Estate Management & Development — 0.2%		
Jones Lang LaSalle, Inc.	164	28,046
Road & Rail — 2.0%		
AMERCO	29	10,935
Knight-Swift Transportation Holdings, Inc.	379	12,337
Norfolk Southern Corp.	1,289	217,841
		241,113
Semiconductors & Semiconductor Equipment — 6.5%		
Intel Corp.	7,790	374,699
Lam Research Corp.	255	48,613
Micron Technology, Inc. ^(a)	3,760	198,491
ON Semiconductor Corp. ^(a)	400	8,820
Qorvo, Inc. ^(a)	257	21,012
QUALCOMM, Inc.	1,952	125,104
		776,739
Software — 0.4%		
CA, Inc.	511	22,591
Dell Technologies, Inc., Class V ^(a)	282	26,091
		48,682
Specialty Retail — 0.3%		
Gap, Inc.	1,082	32,644
Technology Hardware, Storage & Peripherals — 12.6%		
Apple, Inc.	6,502	1,237,265
Hewlett Packard Enterprise Co.	5,069	78,265
HP, Inc.	2,471	57,031
NetApp, Inc.	481	37,287
Seagate Technology PLC	566	29,783
Western Digital Corp.	875	61,381
Xerox Corp.	514	13,349
		1,514,361
Textiles, Apparel & Luxury Goods — 0.5%		
Michael Kors Holdings Ltd. ^(a)	555	37,035
Ralph Lauren Corp.	166	22,407
		59,442

Schedule of Investments (continued)

July 31, 2018

iShares Edge MSCI USA Value Factor Index Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Trading Companies & Distributors — 0.8%		
United Rentals, Inc. ^(a)	620	\$ 92,256
Total Common Stocks — 99.2%		
(Cost — \$10,337,993)		11,926,090
Investment Companies — 0.4%		
iShares Edge MSCI USA Value Factor ETF ^(c)	559	47,755
Total Investment Companies — 0.4%		
(Cost — \$45,397)		47,755
Total Long-Term Investments — 99.6%		
(Cost — \$10,383,390)		11,973,845

Security	Shares	Value
Short-Term Securities — 0.3%		
BlackRock Cash Funds: Treasury, SL Agency Shares, 1.86% ^{(b)(c)}	34,146	\$ 34,146
Total Short-Term Securities — 0.3%		
(Cost — \$34,146)		34,146
Total Investments — 99.9%		
(Cost — \$10,417,536)		12,007,991
Other Assets Less Liabilities — 0.1%		12,908
Net Assets — 100.0%		\$12,020,899

^(a) Non-income producing security.

^(b) Annualized 7-day yield as of period end.

^(c) During the year ended July 31, 2018, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at 07/31/17	Shares Purchased	Shares Sold	Shares Held at 07/31/18	Value at 07/31/18	Income	Net Realized Gain (Loss) ^(a)	Change in Unrealized Appreciation (Depreciation)
BlackRock Cash Funds: Institutional, SL Agency Shares	—	—	—	—	\$ —	\$ 78 ^(b)	\$ (6)	\$ —
BlackRock Cash Funds: Treasury, SL Agency Shares	8,233	25,913 ^(c)	—	34,146	34,146	424	—	—
iShares Edge MSCI USA Value Factor ETF	694	4,244	(4,379)	559	47,755	1,507	16,059	1,194
					<u>\$ 81,901</u>	<u>\$ 2,009</u>	<u>\$ 16,053</u>	<u>\$ 1,194</u>

^(a) Includes net capital gain distributions, if applicable.

^(b) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

^(c) Represents net shares purchased.

For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Derivative Financial Instruments Categorized by Risk Exposure

For the year ended July 31, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Net Realized Gain (Loss) from:							
Futures contracts	\$ —	\$ —	\$ 10,893	\$ —	\$ —	\$ —	\$10,893

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:	
Average notional value of contracts — long	\$— ^(a)

^(a) Derivative not held at quarter-end. The amount shown in the Statements of Operations reflects the results of activity during the period.

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

July 31, 2018

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks ^(a)	\$11,926,090	\$ —	\$ —	\$11,926,090
Investment Companies	47,755	—	—	47,755
Short-Term Securities	34,146	—	—	34,146
	<u>\$12,007,991</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$12,007,991</u>

^(a) See above Schedule of Investments for values in each sector.

During the year ended July 31, 2018, there were no transfers between levels.

See notes to financial statements.

Statements of Assets and Liabilities

July 31, 2018

	iShares Edge MSCI USA Momentum Factor Index Fund	iShares Edge MSCI USA Quality Factor Index Fund	iShares Edge MSCI USA Size Factor Index Fund	iShares Edge MSCI USA Value Factor Index Fund
ASSETS				
Investments at value — unaffiliated ^(a)	\$15,196,844	\$23,691,153	\$11,674,757	\$11,926,090
Investments at value — affiliated ^(b)	846,088	1,087,237	372,871	81,901
Foreign currency at value ^(c)	—	—	80	—
Receivables:				
Investment adviser	31,865	25,214	25,985	30,189
Dividends — unaffiliated	7,451	24,736	8,407	11,739
Capital shares sold	638	2,434	—	—
Receivable from Manager	636	631	630	630
Dividends — affiliated	81	159	35	44
Securities lending income — affiliated	42	19	85	16
Investments sold	—	—	33	87
Prepaid expenses	12,790	12,790	12,787	12,787
Total assets	16,096,435	24,844,373	12,095,670	12,063,483
LIABILITIES				
Cash collateral on securities loaned at value ^(d)	571,144	473,054	190,688	—
Payables:				
Other accrued expenses	40,409	43,364	42,766	39,621
Trustees' and Officer's fees	2,153	2,119	2,157	2,171
Capital shares redeemed	2,043	268	—	—
Board realignment and consolidation	636	631	630	630
Offering costs	—	—	—	162
Total liabilities	616,385	519,436	236,241	42,584
NET ASSETS	\$15,480,050	\$24,324,937	\$11,859,429	\$12,020,899
NET ASSETS CONSIST OF				
Paid-in capital	\$11,725,099	\$21,738,605	\$ 9,994,595	\$10,116,659
Undistributed net investment income	18,945	29,240	22,840	17,717
Accumulated net realized gain	1,418,689	227,479	243,278	296,068
Net unrealized appreciation (depreciation)	2,317,317	2,329,613	1,598,716	1,590,455
NET ASSETS	\$15,480,050	\$24,324,937	\$11,859,429	\$12,020,899
NET ASSET VALUE				
Institutional				
Net assets	\$ 1,846,257	\$ 397,540	\$ 120,185	\$ 244,576
Shares outstanding ^(e)	135,026	32,679	10,135	20,563
Net asset value	\$ 13.67	\$ 12.16	\$ 11.86	\$ 11.89
Class K				
Net assets	\$13,633,793	\$23,927,397	\$11,739,244	\$11,776,323
Shares outstanding ^(e)	996,937	1,966,906	990,000	990,000
Net asset value	\$ 13.68	\$ 12.16	\$ 11.86	\$ 11.90
(a) Investments at cost — unaffiliated	\$12,880,135	\$21,391,331	\$10,087,915	\$10,337,993
(b) Investments at cost — affiliated	\$ 845,480	\$ 1,057,446	\$ 360,996	\$ 79,543
(c) Foreign Currency at Cost	\$ —	\$ —	\$ 81	\$ —
(d) Securities loaned at value	\$ 563,962	\$ 464,063	\$ 188,093	\$ —
(e) Unlimited number of shares authorized, \$0.001 par value.				

See notes to financial statements.

Statements of Operations

Year Ended July 31, 2018

	iShares Edge MSCI USA Momentum Factor Index Fund	iShares Edge MSCI USA Quality Factor Index Fund	iShares Edge MSCI USA Size Factor Index Fund	iShares Edge MSCI USA Value Factor Index Fund
INVESTMENT INCOME				
Dividends — unaffiliated	\$ 182,879	\$ 271,793	\$ 209,390	\$ 273,980
Dividends — affiliated	6,054	9,796	2,868	1,931
Securities lending income — affiliated — net	253	94	1,333	78
Foreign taxes withheld	(42)	(5)	(35)	—
Total investment income	<u>189,144</u>	<u>281,678</u>	<u>213,556</u>	<u>275,989</u>
EXPENSES				
Professional	45,891	42,610	42,443	44,879
Registration	28,728	28,728	28,728	28,728
Offering	24,700	24,700	24,700	24,700
Investment advisory	11,045	11,410	9,074	9,205
Trustees and Officer	10,315	10,315	10,344	10,315
Custodian	5,479	2,866	1,303	2,779
Printing	5,173	5,640	5,129	5,104
Accounting services	814	814	814	814
Board realignment and consolidation	636	631	630	630
Transfer agent — class specific	331	84	73	70
Miscellaneous	8,654	8,653	8,673	8,634
Total expenses	<u>141,766</u>	<u>136,451</u>	<u>131,911</u>	<u>135,858</u>
Less:				
Fees waived and/or reimbursed by the Manager	(120,510)	(114,757)	(114,610)	(118,311)
Transfer agent fees waived and/or reimbursed — class specific	(58)	(25)	(29)	(22)
Total expenses after fees waived and/or reimbursed	<u>21,198</u>	<u>21,669</u>	<u>17,272</u>	<u>17,525</u>
Net investment income	<u>167,946</u>	<u>260,009</u>	<u>196,284</u>	<u>258,464</u>
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain (loss) from:				
Investments — unaffiliated	1,380,296	457,884	274,417	286,194
Investments — affiliated	50,563	2,668	1,437	16,053
Futures contracts	3,582	—	—	10,893
Foreign currency transactions	—	—	(1)	—
	<u>1,434,441</u>	<u>460,552</u>	<u>275,853</u>	<u>313,140</u>
Net change in unrealized appreciation (depreciation) on:				
Investments — unaffiliated	1,142,791	1,573,279	823,676	1,141,519
Investments — affiliated	(25,369)	29,570	8,512	1,194
Futures contracts	1,248	—	—	—
Foreign currency translations	—	—	(1)	—
	<u>1,118,670</u>	<u>1,602,849</u>	<u>832,187</u>	<u>1,142,713</u>
Net realized and unrealized gain	<u>2,553,111</u>	<u>2,063,401</u>	<u>1,108,040</u>	<u>1,455,853</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$2,721,057</u>	<u>\$2,323,410</u>	<u>\$1,304,324</u>	<u>\$1,714,317</u>

See notes to financial statements.

Statements of Changes in Net Assets

	iShares Edge MSCI USA Momentum Factor Index Fund		iShares Edge MSCI USA Quality Factor Index Fund	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
<i>INCREASE (DECREASE) IN NET ASSETS</i>				
OPERATIONS				
Net investment income	\$ 167,946	\$ 86,791	\$ 260,009	\$ 105,272
Net realized gain	1,434,441	754,112	460,552	186,305
Net change in unrealized appreciation (depreciation)	1,118,670	1,198,647	1,602,849	726,764
Net increase in net assets resulting from operations	<u>2,721,057</u>	<u>2,039,550</u>	<u>2,323,410</u>	<u>1,018,341</u>
DISTRIBUTIONS TO SHAREHOLDERS^(b)				
From net investment income:				
Institutional	(8,766)	(743)	(2,910)	(902)
Class K	(157,737)	(76,367)	(248,093)	(92,099)
From net realized gain:				
Institutional	(12,134)	—	(4,184)	—
Class K	(757,730)	—	(415,194)	—
Decrease in net assets resulting from distributions to shareholders	<u>(936,367)</u>	<u>(77,110)</u>	<u>(670,381)</u>	<u>(93,001)</u>
CAPITAL SHARE TRANSACTIONS				
Net increase in net assets derived from capital share transactions	<u>1,726,920</u>	<u>10,006,000</u>	<u>11,721,178</u>	<u>10,025,390</u>
NET ASSETS				
Total increase in net assets	3,511,610	11,968,440	13,374,207	10,950,730
Beginning of year	11,968,440	—	10,950,730	—
End of year	<u>\$15,480,050</u>	<u>\$11,968,440</u>	<u>\$24,324,937</u>	<u>\$10,950,730</u>
Undistributed net investment income, end of year	<u>\$ 18,945</u>	<u>\$ 13,482</u>	<u>\$ 29,240</u>	<u>\$ 15,953</u>

^(a) Commencement of operations.

^(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to financial statements.

Statements of Changes in Net Assets (continued)

	iShares Edge MSCI USA Size Factor Index Fund		iShares Edge MSCI USA Value Factor Index Fund	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
INCREASE (DECREASE) IN NET ASSETS				
OPERATIONS				
Net investment income	\$ 196,284	\$ 117,022	\$ 258,464	\$ 139,402
Net realized gain	275,853	64,299	313,140	33,122
Net change in unrealized appreciation (depreciation)	832,187	766,529	1,142,713	447,742
Net increase in net assets resulting from operations	<u>1,304,324</u>	<u>947,850</u>	<u>1,714,317</u>	<u>620,266</u>
DISTRIBUTIONS TO SHAREHOLDERS^(b)				
From net investment income:				
Institutional	(1,986)	(1,008)	(3,637)	(1,210)
Class K	(200,717)	(102,493)	(259,865)	(122,416)
From net realized gain:				
Institutional	(881)	—	(502)	—
Class K	(87,236)	—	(49,692)	—
Decrease in net assets resulting from distributions to shareholders	<u>(290,820)</u>	<u>(103,501)</u>	<u>(313,696)</u>	<u>(123,626)</u>
CAPITAL SHARE TRANSACTIONS				
Net increase in net assets derived from capital share transactions	<u>1,576</u>	<u>10,000,000</u>	<u>123,638</u>	<u>10,000,000</u>
NET ASSETS				
Total increase in net assets	1,015,080	10,844,349	1,524,259	10,496,640
Beginning of year	<u>10,844,349</u>	<u>—</u>	<u>10,496,640</u>	<u>—</u>
End of year	<u>\$11,859,429</u>	<u>\$10,844,349</u>	<u>\$12,020,899</u>	<u>\$10,496,640</u>
Undistributed net investment income, end of year	<u>\$ 22,840</u>	<u>\$ 17,028</u>	<u>\$ 17,717</u>	<u>\$ 19,327</u>

^(a) Commencement of operations.

^(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to financial statements.

Financial Highlights

(For a share outstanding throughout each period)

	iShares Edge MSCI USA Momentum Factor Index Fund	
	Institutional	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 7/31/17
Net asset value, beginning of period	<u>\$11.96</u>	<u>\$10.00</u>
Net investment income ^(b)	0.15	0.08
Net realized and unrealized gain	<u>2.48</u>	<u>1.95</u>
Net increase from investment operations	<u>2.63</u>	<u>2.03</u>
Distributions ^(c)		
From net investment income	(0.16)	(0.07)
From net realized gain	<u>(0.76)</u>	<u>—</u>
Total distributions	<u>(0.92)</u>	<u>(0.07)</u>
Net asset value, end of period	<u>\$13.67</u>	<u>\$11.96</u>
Total Return ^(d)		
Based on net asset value	<u>22.65%</u>	<u>20.40% ^(e)</u>
Ratios to Average Net Assets		
Total expenses	<u>0.94%</u>	<u>1.38% ^{(f)(g)}</u>
Total expenses after fees waived and/or reimbursed	<u>0.18%</u>	<u>0.20% ^(f)</u>
Net investment income	<u>1.10%</u>	<u>1.25% ^(f)</u>
Supplemental Data		
Net assets, end of period (000)	<u>\$1,846</u>	<u>\$ 126</u>
Portfolio turnover rate	<u>115%</u>	<u>68%</u>

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Annualized.

^(g) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.85%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	iShares Edge MSCI USA Momentum Factor Index Fund (continued)	
	Class K	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
Net asset value, beginning of period	\$ 11.96	\$ 10.00
Net investment income ^(b)	0.16	0.09
Net realized and unrealized gain	2.48	1.95
Net increase from investment operations	<u>2.64</u>	<u>2.04</u>
Distributions^(c)		
From net investment income	(0.16)	(0.08)
From net realized gain	<u>(0.76)</u>	<u>—</u>
Total distributions	<u>(0.92)</u>	<u>(0.08)</u>
Net asset value, end of period	<u>\$ 13.68</u>	<u>\$ 11.96</u>
Total Return^(d)		
Based on net asset value	<u>22.77%</u>	<u>20.43%^(e)</u>
Ratios to Average Net Assets		
Total expenses	<u>1.03%</u>	<u>1.28%^{(f)(g)}</u>
Total expenses after fees waived and/or reimbursed	<u>0.15%</u>	<u>0.15%^(f)</u>
Net investment income	<u>1.22%</u>	<u>1.30%^(f)</u>
Supplemental Data		
Net assets, end of period (000)	<u>\$13,634</u>	<u>\$11,843</u>
Portfolio turnover rate	<u>115%</u>	<u>68%</u>

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Annualized.

^(g) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.75%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	iShares Edge MSCI USA Quality Factor Index Fund	
	Institutional	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
Net asset value, beginning of period	<u>\$10.92</u>	<u>\$10.00</u>
Net investment income ^(b)	0.19	0.10
Net realized and unrealized gain	<u>1.68</u>	<u>0.91</u>
Net increase from investment operations	<u>1.87</u>	<u>1.01</u>
Distributions^(c)		
From net investment income	(0.21)	(0.09)
From net realized gain	<u>(0.42)</u>	<u>—</u>
Total distributions	<u>(0.63)</u>	<u>(0.09)</u>
Net asset value, end of period	<u>\$12.16</u>	<u>\$10.92</u>
Total Return^(d)		
Based on net asset value	<u>17.41%^(f)</u>	<u>10.12%^{(e)(f)}</u>
Ratios to Average Net Assets		
Total expenses	<u>0.89%</u>	<u>1.42%^{(g)(h)}</u>
Total expenses after fees waived and/or reimbursed	<u>0.18%</u>	<u>0.20%^(g)</u>
Net investment income	<u>1.62%</u>	<u>1.59%^(g)</u>
Supplemental Data		
Net assets, end of period (000)	<u>\$ 398</u>	<u>\$ 109</u>
Portfolio turnover rate	<u>94%</u>	<u>18%</u>

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) For the period from commencement through September 1, 2017, the Fund was not managed to the MSCI USA Sector Neutral Quality Index and the Fund's total returns are the returns of the Fund when it inadvertently tracked the MSCI USA Quality Index.

^(g) Annualized.

^(h) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.90%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

iShares Edge MSCI USA
Quality Factor Index Fund (continued)

	Class K	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
Net asset value, beginning of period	\$ 10.93	\$ 10.00
Net investment income ^(b)	0.21	0.11
Net realized and unrealized gain	1.65	0.91
Net increase from investment operations	1.86	1.02
Distributions^(c)		
From net investment income	(0.21)	(0.09)
From net realized gain	(0.42)	—
Total distributions	(0.63)	(0.09)
Net asset value, end of period	\$ 12.16	\$ 10.93
Total Return^(d)		
Based on net asset value	17.35% ^(f)	10.25% ^{(e)(f)}
Ratios to Average Net Assets		
Total expenses	0.96%	1.32% ^{(g)(h)}
Total expenses after fees waived and/or reimbursed	0.15%	0.15% ^(g)
Net investment income	1.83%	1.64% ^(g)
Supplemental Data		
Net assets, end of period (000)	\$23,927	\$10,841
Portfolio turnover rate	94%	18%

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) For the period from commencement through September 1, 2017, the Fund was not managed to the MSCI USA Sector Neutral Quality Index and the Fund's total returns are the returns of the Fund when it inadvertently tracked the MSCI USA Quality Index.

^(g) Annualized.

^(h) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.80%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	iShares Edge MSCI USA Size Factor Index Fund	
	Institutional	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
Net asset value, beginning of period	<u>\$10.84</u>	<u>\$10.00</u>
Net investment income ^(b)	0.19	0.11
Net realized and unrealized gain	1.12	0.83
Net increase from investment operations	<u>1.31</u>	<u>0.94</u>
Distributions^(c)		
From net investment income	(0.20)	(0.10)
From net realized gain	<u>(0.09)</u>	<u>—</u>
Total distributions	<u>(0.29)</u>	<u>(0.10)</u>
Net asset value, end of period	<u>\$11.86</u>	<u>\$10.84</u>
Total Return^(d)		
Based on net asset value	<u>12.19%</u>	<u>9.44%^(e)</u>
Ratios to Average Net Assets		
Total expenses	<u>1.21%</u>	<u>1.50%^{(f)(g)}</u>
Total expenses after fees waived and paid indirectly	<u>0.19%</u>	<u>0.20%^(f)</u>
Net investment income	<u>1.69%</u>	<u>1.79%^(f)</u>
Supplemental Data		
Net assets, end of period (000)	<u>\$ 120</u>	<u>\$ 108</u>
Portfolio turnover rate	<u>19%</u>	<u>9%</u>

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Annualized.

^(g) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.99%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

iShares Edge MSCI USA Size Factor Index Fund (continued)

	Class K	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
Net asset value, beginning of period	\$ 10.84	\$ 10.00
Net investment income ^(b)	0.20	0.11
Net realized and unrealized gain	1.11	0.83
Net increase from investment operations	1.31	0.94
Distributions^(c)		
From net investment income	(0.20)	(0.10)
From net realized gain	(0.09)	—
Total distributions	(0.29)	(0.10)
Net asset value, end of period	\$ 11.86	\$ 10.84
Total Return^(d)		
Based on net asset value	12.23%	9.47% ^(e)
Ratios to Average Net Assets		
Total expenses	1.16%	1.40% ^{(f)(g)}
Total expenses after fees waived and/or reimbursed	0.15%	0.15% ^(f)
Net investment income	1.73%	1.74% ^(f)
Supplemental Data		
Net assets, end of period (000)	\$11,739	\$10,736
Portfolio turnover rate	19%	9%

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Annualized.

^(g) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.89%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	iShares Edge MSCI USA Value Factor Index Fund	
	Institutional	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
Net asset value, beginning of period	<u>\$10.50</u>	<u>\$10.00</u>
Net investment income ^(b)	0.25	0.14
Net realized and unrealized gain	<u>1.45</u>	<u>0.48</u>
Net increase from investment operations	<u>1.70</u>	<u>0.62</u>
Distributions		
From net investment income ^(c)	(0.26)	(0.12)
From net realized gain ^(c)	<u>(0.05)</u>	<u>—</u>
Total distributions	<u>(0.31)</u>	<u>(0.12)</u>
Net asset value, end of period	<u>\$11.89</u>	<u>\$10.50</u>
Total Return^(d)		
Based on net asset value	<u>16.33%</u>	<u>6.24%^(e)</u>
Ratios to Average Net Assets		
Total expenses	<u>1.16%</u>	<u>1.47%^{(f)(g)}</u>
Total expenses after fees waived and paid indirectly	<u>0.18%</u>	<u>0.20%^(f)</u>
Net investment income	<u>2.15%</u>	<u>2.18%^(f)</u>
Supplemental Data		
Net assets, end of period (000)	<u>\$ 245</u>	<u>\$ 105</u>
Portfolio turnover rate	<u>24%</u>	<u>10%</u>

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Annualized.

^(g) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.97%.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

iShares Edge MSCI USA Value Factor Index Fund (continued)

	Class K	
	Year Ended July 31, 2018	Period from 12/20/16 ^(a) to 07/31/17
Net asset value, beginning of period	\$ 10.50	\$ 10.00
Net investment income ^(b)	0.26	0.14
Net realized and unrealized gain	1.45	0.48
Net increase from investment operations	1.71	0.62
Distributions		
From net investment income ^(c)	(0.26)	(0.12)
From net realized gain ^(c)	(0.05)	—
Total distributions	(0.31)	(0.12)
Net asset value, end of period	\$ 11.90	\$ 10.50
Total Return^(d)		
Based on net asset value	16.46%	6.27% ^(e)
Ratios to Average Net Assets		
Total expenses	1.18%	1.37% ^{(f)(g)}
Total expenses after fees waived and paid indirectly	0.15%	0.15% ^(f)
Net investment income	2.25%	2.23% ^(f)
Supplemental Data		
Net assets, end of period (000)	\$11,776	\$10,392
Portfolio turnover rate	24%	10%

^(a) Commencement of operations.

^(b) Based on average shares outstanding.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Where applicable, assumes the reinvestment of distributions.

^(e) Aggregate total return.

^(f) Annualized.

^(g) Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses would have been 1.87%.

See notes to financial statements.

Notes to Financial Statements

1. ORGANIZATION

BlackRock FundsSM (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust is organized as a Massachusetts business trust. The following are referred to herein collectively as the “Funds” or individually as a “Fund”:

<i>Fund Name</i>	<i>Herein Referred To As</i>	<i>Diversification Classification</i>
iShares Edge MSCI USA Momentum Factor Index Fund	Momentum Factor Index Fund	Diversified
iShares Edge MSCI USA Quality Factor Index Fund	Quality Factor Index Fund	Non-diversified
iShares Edge MSCI USA Size Factor Index Fund	Size Factor Index Fund	Diversified
iShares Edge MSCI USA Value Factor Index Fund	Value Factor Index Fund	Diversified

Each Fund offers multiple classes of shares. All classes of shares have identical voting, dividend, liquidation and other rights and are subject to the same terms and conditions. Institutional and Class K Shares are sold without a sales charge and only to certain eligible investors.

<i>Share Class</i>	<i>Initial Sales Charge</i>	<i>CDSC</i>	<i>Conversion Privilege</i>
Institutional and Class K Shares	No	No	None

The Funds, together with certain other registered investment companies advised by BlackRock Fund Advisors (the “Manager”) or its affiliates, are included in a complex of open-end funds referred to as the Equity-Liquidity Complex.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Investment Transactions and Income Recognition: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the “trade dates”). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Upon notification from issuers, a portion of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Income, expenses and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets.

Distributions: Distributions paid by each Fund are recorded on the ex-dividend date. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

See Note 8, Income Tax Information, for the tax character of each Fund’s distributions paid during the year.

Foreign Currency Translation: Each Fund’s books and records are maintained in U.S. dollars. Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of trading on the New York Stock Exchange (“NYSE”). Purchases and sales of investments are recorded at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the investments denominated in that currency will lose value; the opposite effect occurs if the U.S. dollar falls in relative value.

Each Fund does not isolate the portion of the results of operations arising as a result of changes in the exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in exchange rates on investments are not segregated in the Statements of Operations from the effects of changes in market prices of those investments, but are included as a component of net realized and unrealized gain (loss) from investments. Each Fund reports realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for U.S. federal income tax purposes.

Segregation and Collateralization: In cases where a Fund enters into certain investments (e.g., futures contracts) that would be treated as “senior securities” for 1940 Act purposes, a Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments. Doing so allows the investment to be excluded from treatment as a “senior security.” Furthermore, if required by an exchange or counterparty agreement, the Funds may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

Offering Costs: Offering costs are amortized over a 12-month period beginning with the commencement of operations of a class of shares.

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

Other: Expenses directly related to a Fund or its classes are charged to that Fund or the applicable class. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods. Expenses directly related to the Funds and other shared expenses prorated to the Funds are allocated daily to each class based on their relative net assets or other appropriate methods.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Investment Valuation Policies: The Funds' investments are valued at fair value (also referred to as "market value" within the financial statements) as of the close of trading on the New York Stock Exchange ("NYSE") (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds determine the fair values of their financial instruments using various independent dealers or pricing services under policies approved by the Board of Trustees of the Trust (the "Board"). The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

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

- Equity investments traded on a recognized securities exchange are valued at the official closing price each day, if available. For equity investments traded on more than one exchange, the official closing price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.
- Investments in open-end U.S. mutual funds are valued at net asset value ("NAV") each business day.

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

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 — Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
- Level 2 — Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
- Level 3 — Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with each Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

4. SECURITIES AND OTHER INVESTMENTS

Securities Lending: The Funds may lend their securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Funds collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. Government. The initial collateral received by each Fund is required to have a value of at least 102% of the current value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current market value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Fund and any additional required collateral is delivered to the Fund, or excess collateral returned by the Fund, on the next business day. During the term of the loan, the Funds are entitled to all distributions made on or in respect of the loaned securities, but do not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

The market value of any securities on loan, all of which were classified as common stocks in the Funds' Schedules of Investments, and the value of any related collateral are shown separately in the Statements of Assets and Liabilities as a component of investments at value-unaffiliated, and collateral on securities loaned at value,

Notes to Financial Statements (continued)

respectively. As of period end, any securities on loan were collateralized by cash and/or U.S. Government obligations. Cash collateral invested by the securities lending agent, BlackRock Institutional Trust Company, N.A. ("BTC"), if any, is disclosed in the Schedules of Investments.

Securities lending transactions are entered into by the Funds under Master Securities Lending Agreements (each, an "MSLA"), which provide the right, in the event of default (including bankruptcy or insolvency), for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional collateral. In the event that a borrower defaults, the Funds, as lender, would offset the market value of the collateral received against the market value of the securities loaned. When the value of the collateral is greater than that of the market value of the securities loaned, the lender is left with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, absent an event of default, the borrower can resell or re-pledge the loaned securities, and a Fund can reinvest cash collateral received in connection with loaned securities. Upon an event of default, the parties' obligations to return the securities or collateral to the other party are extinguished, and the parties can resell or re-pledge the loaned securities or the collateral received in connection with the loaned securities in order to satisfy the defaulting party's net payment obligation for all transactions under the MSLA. The defaulting party remains liable for any deficiency.

As of period end, the following table is a summary of the Funds' securities lending agreements by counterparty which are subject to offset under an MSLA:

	<i>Securities Loaned at Value</i>	<i>Cash Collateral Received^(a)</i>	<i>Net Amount</i>
Momentum Factor Index Fund			
Citigroup Global Markets, Inc.	\$ 20,112	\$ (20,112)	\$ —
Credit Suisse Securities (USA) LLC	19,837	(19,837)	—
Jefferies LLC	29,649	(29,649)	—
JPMorgan Securities LLC	494,364	(494,364)	—
	<u>\$ 563,962</u>	<u>\$ (563,962)</u>	<u>\$ —</u>
Quality Factor Index Fund			
Citigroup Global Markets, Inc.	\$ 25,860	\$ (25,860)	\$ —
Morgan Stanley	438,203	(438,203)	—
	<u>\$ 464,063</u>	<u>\$ (464,063)</u>	<u>\$ —</u>
Size Factor Index Fund			
Citigroup Global Markets, Inc.	\$ 54,884	\$ (54,884)	\$ —
Credit Suisse Securities (USA) LLC	3,831	(3,831)	—
JPMorgan Securities LLC	58,891	(58,891)	—
Morgan Stanley	53,358	(53,358)	—
SG Americas Securities LLC	17,129	(17,129)	—
	<u>\$ 188,093</u>	<u>\$ (188,093)</u>	<u>\$ —</u>

(a) Collateral received in excess of the value of securities loaned from the individual counterparty is not shown for financial reporting purposes in the table above. Cash collateral has been received in connection with securities lending agreements as follows:

<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>
\$ 571,144	\$ 473,054	\$ 190,688

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Funds benefit from a borrower default indemnity provided by BTC. BTC's indemnity allows for full replacement of the securities loaned if the collateral received does not cover the value on the securities loaned in the event of borrower default. Each Fund could incur a loss if the value of an investment purchased with cash collateral falls below the market value of loaned securities or if the value of an investment purchased with cash collateral falls below the value of the original cash collateral received.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and/or to manage their exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedules of Investments. These contracts may be transacted on an exchange or over-the-counter ("OTC").

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

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

Securities deposited as initial margin are designated in the Schedules of Investments and cash deposited, if any, is shown as cash pledged for futures contracts in the Statements of Assets and Liabilities. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract ("variation margin"). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable).

Notes to Financial Statements (continued)

on futures contracts in the Statements of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statements of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. ("BlackRock") for 1940 Act purposes.

Investment Advisory: The Trust, on behalf of the Funds, entered into an Investment Advisory Agreement with the Manager, the Funds' investment adviser, an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory and administrative services. The Manager is responsible for the management of each Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of each Fund.

For such services, each Fund pays the Manager a monthly fee at an annual rate equal to 0.08% of the average daily value of each Fund's net assets.

Service and Distribution Fees: The Trust, on behalf of the Funds, entered into a Distribution Agreement and a Distribution and Service Plan with BlackRock Investments, LLC ("BRIL"), an affiliate of the Manager.

BRIL and broker-dealers, pursuant to sub-agreements with BRIL, provide shareholder servicing and distribution services to the Funds.

Transfer Agent: Pursuant to written agreements, certain financial intermediaries, some of which may be affiliates, provide the Funds with sub-accounting, recordkeeping, sub-transfer agency and other administrative services with respect to sub-accounts they service. For these services, these entities receive an asset-based fee or an annual fee per shareholder account, which will vary depending on share class and/or net assets.

For the year ended July 31, 2018, the following table shows the class specific transfer agent fees borne directly by each class of each Fund:

	<i>Institutional</i>	<i>Class K</i>	<i>Total</i>
Momentum Factor Index Fund	\$ 310	\$ 21	\$331
Quality Factor Index Fund	66	18	84
Size Factor Index Fund	55	18	73
Value Factor Index Fund	61	9	70

Expense Limitations, Waivers, Reimbursements, and Recoupments: With respect to each Fund, the Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds (the "affiliated money market fund waiver"). The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitation described below will be reduced by the amount of the affiliated money market fund waiver. These amounts are included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the year ended July 31, 2018, the amounts waived were as follows:

	<i>Amount Waived</i>
Momentum Factor Index Fund	\$ 57
Quality Factor Index Fund	74
Size Factor Index Fund	22
Value Factor Index Fund	29

The Manager has contractually agreed to waive its investment advisory fee with respect to any portion of each Fund's assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee through November 30, 2018. The contractual agreement may be terminated upon 90 days' notice by a majority of the trustees who are not "interested persons" of the Trust, as defined in the 1940 Act ("Independent Trustees") or by a vote of a majority of the outstanding voting securities of a Fund. These amounts are included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the year ended July 31, 2018, the amounts waived in investment advisory fees pursuant to these arrangements were as follows:

	<i>Amount Waived</i>
Momentum Factor Index Fund	\$ 58
Quality Factor Index Fund	53
Size Factor Index Fund	38
Value Factor Index Fund	58

With respect to each Fund, the Manager has contractually agreed to waive and/or reimburse fees or expenses in order to limit expenses, excluding interest expense, dividend expense, tax expense, acquired fund fees and expenses, and certain other fund expenses, which constitute extraordinary expenses not incurred in the ordinary course of each Fund's business ("expense limitation"). The expense limitations as a percentage of average daily net assets are as follows:

	<i>Institutional</i>	<i>Class K</i>
Momentum Factor Index Fund	0.20%	0.15%
Quality Factor Index Fund	0.20	0.15
Size Factor Index Fund	0.20	0.15
Value Factor Index Fund	0.20	0.15

The Manager has agreed not to reduce or discontinue these contractual expense limitations through November 30, 2027, unless approved by the Board, including a majority of the Independent Trustees, or by a vote of a majority of the outstanding voting securities of the Funds.

Notes to Financial Statements (continued)

These amounts waived and/or reimbursed are included in fees waived and/or reimbursed by the Manager and transfer agent fees waived and/or reimbursed — class specific, respectively, in the Statements of Operations. For the year ended July 31, 2018, the amounts waived and/or reimbursed by the Manager were as follows:

	<i>Fees Waived by the Manager</i>	<i>Other Expenses Reimbursed by the Manager</i>
Momentum Factor Index Fund	\$ 10,930	\$ 108,829
Quality Factor Index Fund	11,283	102,716
Size Factor Index Fund	9,014	104,906
Value Factor Index Fund	9,117	108,477

For the year ended July 31, 2018, class specific expense waivers and/or reimbursements were as follows:

<i>Transfer Agent Fees Waived and/or Reimbursed</i>	<i>Institutional</i>	<i>Class K</i>	<i>Total</i>
Momentum Factor Index Fund	\$ 38	\$ 20	\$ 58
Quality Factor Index Fund	8	17	25
Size Factor Index Fund	12	17	29
Value Factor Index Fund	14	8	22

The Funds have begun to incur expenses in connection with a potential realignment and consolidation of the boards of trustees of certain BlackRock-advised funds. The Manager has voluntarily agreed to reimburse certain Funds for all or a portion of such expenses, which amounts are included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the year ended July 31, 2018, the amount reimbursed was as follows:

	<i>Amounts Reimbursed</i>
Momentum Factor Index Fund	\$ 636
Quality Factor Index Fund	631
Size Factor Index Fund	630
Value Factor Index Fund	630

With respect to the contractual expense limitation, if during a Fund's fiscal year the operating expenses of a share class, that at any time during the prior two fiscal years received a waiver and/or reimbursement from the Manager, are less than the current expense limitation for that share class, the Manager is entitled to be reimbursed by such share class up to the lesser of: (a) the amount of fees waived and/or expenses reimbursed during those prior two fiscal years under the agreement and (b) an amount not to exceed either the current expense limitation of that share class or the expense limitation of the share class in effect at the time that the share class received the applicable waiver and/or reimbursement, provided that:

- (1) each Fund, of which the share class is a part, has more than \$50 million in assets for the fiscal year; and
- (2) the Manager or an affiliate continues to serve as a Fund's investment adviser or administrator.

This repayment applies only to the contractual expense limitation on net expenses and does not apply to the contractual investment advisory fee waiver described above or any voluntary waivers that may be in effect from time to time.

On July 31, 2018, the fund level and class specific waivers and/or reimbursements subject to possible future recoupment under the expense limitation agreement are as follows:

	<i>Expiring July 31,</i>	
	<i>2019</i>	<i>2020</i>
Momentum Factor Index Fund		
Fund Level	\$103,860	\$119,758
Institutional	36	38
Class K	437	20
Quality Factor Index Fund		
Fund Level	103,609	113,999
Institutional	36	8
Class K	437	17
Size Factor Index Fund		
Fund Level	107,909	113,919
Institutional	37	12
Class K	437	17
Value Factor Index Fund		
Fund Level	104,346	117,593
Institutional	38	14
Class K	437	8

Notes to Financial Statements (continued)

Securities Lending: The U.S. Securities and Exchange Commission (“SEC”) has issued an exemptive order which permits BTC, an affiliate of the Manager, to serve as securities lending agent for the Funds, subject to applicable conditions. As securities lending agent, BTC bears all operational costs directly related to securities lending. The Funds are responsible for fees in connection with the investment of cash collateral received for securities on loan (the “collateral investment fees”). The cash collateral is invested in a money market fund managed by the Manager or its affiliates. However, BTC has agreed to reduce the amount of securities lending income it receives in order to effectively limit the collateral investment fees the Funds bears to an annual rate of 0.04%. Such money market fund shares will not be subject to a sales load, distribution fee or service fee. The money market fund in which the cash collateral has been invested may, under certain circumstances, impose a liquidity fee of up to 2% of the value redeemed or temporarily restrict redemptions for up to 10 business days during a 90 day period, in the event that the money market fund’s weekly liquid assets fall below certain thresholds.

Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment fees. Each Fund retains a portion of securities lending income and remits a remaining portion to BTC as compensation for its services as securities lending agent.

Pursuant to a securities lending agreement, each Fund retains 71.5% of securities lending income, and this amount retained can never be less than 65% of the total of securities lending income plus the collateral investment fees.

In addition, commencing the business day following the date that the aggregate securities lending income earned across the Equity-Liquidity Complex in a calendar year exceeds a specified threshold, each Fund, pursuant to the securities lending agreement, will retain for the remainder of that calendar year securities lending income in an amount equal to 75% of securities lending income, and this amount retained can never be less than 65% of the total of securities lending income plus the collateral investment fees.

The share of securities lending income earned by each Fund is shown as securities lending income — affiliated — net in the Statements of Operations. For the year ended July 31, 2018, the Fund paid BTC the following amounts for securities lending agent services:

	<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>	<i>Value Factor Index Fund</i>
BTC	\$ 94	\$ 33	\$ 499	\$ 30

Interfund Lending: In accordance with an exemptive order (the “Order”) from the SEC, each Fund may participate in a joint lending and borrowing facility for temporary purposes (the “Interfund Lending Program”), subject to compliance with the terms and conditions of the Order, and to the extent permitted by each Fund’s investment policies and restrictions. Each Fund is currently permitted to borrow and lend under the Interfund Lending Program.

A lending BlackRock fund may lend in aggregate up to 15% of its net assets, but may not lend more than 5% of its net assets to any one borrowing fund through the Interfund Lending Program. A borrowing BlackRock fund may not borrow through the Interfund Lending Program or from any other source more than 33 1/3% of its total assets (or any lower threshold provided for by the fund’s investment restrictions). If a borrowing BlackRock fund’s total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending fund and the bank loan rate, as calculated according to a formula established by the Board.

During the year ended July 31, 2018, the Funds did not participate in the Interfund Lending Program.

Trustees and Officers: Certain Trustees and/or officers of the Trust are trustees and/or officers of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the compensation paid to the Funds’ Chief Compliance Officer, which is included in Trustees and Officer in the Statements of Operations.

7. PURCHASES AND SALES

For the year ended July 31, 2018, purchases and sales of investments, excluding short-term securities, were as follows:

	<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>	<i>Value Factor Index Fund</i>
Purchases	\$ 16,862,636	\$ 24,857,524	\$ 2,122,818	\$ 2,854,677
Sales	15,759,868	13,532,354	2,126,471	2,785,199

8. INCOME TAX INFORMATION

It is each Fund’s policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

Each Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund’s U.S. federal tax returns generally remains open for the year ended July 31, 2018 and the period ended July 31, 2017.

Management has analyzed tax laws and regulations and their application to the Funds as of July 31, 2018, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Funds’ financial statements.

Notes to Financial Statements (continued)

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of period end, the following permanent differences attributable to non-deductible expenses and the characterization of corporate actions were reclassified to the following accounts:

	<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>	<i>Value Factor Index Fund</i>
Paid-in Capital	\$ (4,020)	\$ (4,281)	\$ (3,474)	\$ (3,428)
Undistributed net investment income	4,020	4,281	12,231	3,428
Accumulated net realized gain	—	—	(8,757)	—

The tax character of distributions paid was as follows:

		<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>	<i>Value Factor Index Fund</i>
Ordinary Income	07/31/18	\$ 934,782	\$ 670,381	\$ 290,816	\$ 309,943
	07/31/17	77,110	93,001	103,501	123,626
Long-term capital gains	07/31/18	1,585	—	4	3,753
	07/31/17	—	—	—	—
	07/31/18	<u>\$ 936,367</u>	<u>\$ 670,381</u>	<u>\$ 290,820</u>	<u>\$ 313,696</u>
	07/31/17	<u>\$ 77,110</u>	<u>\$ 93,001</u>	<u>\$ 103,501</u>	<u>\$ 123,626</u>

As of period end, the tax components of accumulated net earnings (losses) were as follows:

	<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>	<i>Value Factor Index Fund</i>
Undistributed ordinary income	\$ 794,204	\$ 369,055	\$ 178,112	\$ 69,721
Undistributed long-term capital gains	651,712	33,124	96,919	246,182
Net unrealized gains ^(a)	<u>2,309,035</u>	<u>2,184,153</u>	<u>1,589,803</u>	<u>1,588,337</u>
	<u>\$ 3,754,951</u>	<u>\$ 2,586,332</u>	<u>\$ 1,864,834</u>	<u>\$ 1,904,240</u>

^(a) The differences between book-basis and tax-basis net unrealized gains were attributable primarily to the tax deferral of losses on wash sales and the characterization of corporate actions.

As of July 31, 2018, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

	<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>	<i>Value Factor Index Fund</i>
Tax cost	<u>\$ 13,733,897</u>	<u>\$ 22,594,237</u>	<u>\$ 10,457,824</u>	<u>\$ 10,419,654</u>
Gross unrealized appreciation	\$ 2,470,207	\$ 2,475,533	\$ 1,921,368	\$ 1,903,876
Gross unrealized depreciation	(161,172)	(291,380)	(331,564)	(315,539)
Net unrealized appreciation	<u>\$ 2,309,035</u>	<u>\$ 2,184,153</u>	<u>\$ 1,589,804</u>	<u>\$ 1,588,337</u>

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. Certain provisions of the Act were effective upon enactment with the remainder becoming effective for tax years beginning after December 31, 2017. Although the Act does not amend any provisions directly related to the qualification or taxation of regulated investment companies ("RICs"), the Act does change the taxation of entities in which some RICs invest, the tax treatment of income derived from those entities and the taxation of RIC shareholders. While management does not anticipate significant impact to the Funds or to their shareholders, there is uncertainty in the application of certain provisions in the Act. Specifically, provisions in the Act may increase the amount of or accelerate the recognition of taxable income and may limit the deductibility of certain expenses by RICs. Until full clarity around these provisions is obtained, the impact on the Funds' financial statements, if any, cannot be fully determined.

9. BANK BORROWINGS

The Trust, on behalf of the Funds, along with certain other funds managed by the Manager and its affiliates ("Participating Funds"), is a party to a 364-day, \$2.25 billion credit agreement with a group of lenders. Under this agreement, the Funds may borrow to fund shareholder redemptions. Excluding commitments designated for certain individual funds, the Participating Funds, including the Funds, can borrow up to an aggregate commitment amount of \$1.75 billion at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit agreement has the following terms: a fee of 0.10% per annum on unused commitment amounts and interest at a rate equal to the higher of (a) one-month LIBOR (but, in any event, not less than 0.00%) on the date the loan is made plus 0.80% per annum or (b) the Fed Funds rate (but, in any event, not less than 0.00%) in effect from time to time plus 0.80% per annum on amounts borrowed. The agreement expires in April 2019 unless extended or renewed. Prior to April 19, 2018, the aggregate commitment amount was \$2.1 billion and the fee was 0.12% per annum. Participating Funds paid an upfront commitment fee of 0.02% on the total commitment amounts, in addition to administration, legal and arrangement fees, which are included in miscellaneous expenses in the Statements of Operations. These fees were allocated among such funds based upon portions of the aggregate commitment available to them and relative net assets of Participating Funds. During the year ended July 31, 2018, the Funds did not borrow under the credit agreement.

10. PRINCIPAL RISKS

In the normal course of business, certain Funds invest in securities or other instruments and may enter into certain transactions, and such activities subject each Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations. Each Fund's prospectus provides details of the risks to which each Fund is subject.

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

Valuation Risk: The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. A Fund may invest in illiquid investments and may experience difficulty in selling those investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause each Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of a Fund may lose value, regardless of the individual results of the securities and other instruments in which a Fund invests.

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

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

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

Concentration Risk: As of period end, Momentum Factor Index Fund, Quality Factor Index Fund and Value Factor Index Fund invested a significant portion of their assets in securities in the Information Technology sector. Changes in economic conditions affecting such sector would have a greater impact on the Funds and could affect the value, income and/or liquidity of positions in such securities.

11. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for each class were as follows:

	Year Ended 07/31/18		Period from 12/20/16 ^(a) to 07/31/17	
	Shares	Amount	Shares	Amount
<i>Momentum Factor Index Fund</i>				
Institutional				
Shares sold	167,449	\$ 2,202,788	10,502	\$ 106,000
Shares issued in reinvestment of distributions	893	11,702	—	—
Shares redeemed	(43,818)	(580,436)	—	—
Net increase	124,524	\$ 1,634,054	10,502	\$ 106,000
Class K				
Shares sold	7,477	\$ 100,405	990,000	\$ 9,900,000
Shares issued in reinvestment of distributions	81	1,048	—	—
Shares redeemed	(621)	(8,587)	—	—
Net increase	6,937	92,866	990,000	9,900,000
Total Increase	131,461	\$ 1,726,920	1,000,502	\$10,006,000

Notes to Financial Statements (continued)

	Year Ended 07/31/18		Period from 12/20/16 ^(a) to 07/31/17	
	Shares	Amount	Shares	Amount
Quality Factor Index Fund				
Institutional				
Shares sold	93,312	\$ 1,098,178	10,000	\$ 100,000
Shares issued in reinvestment of distributions	67	806	—	—
Shares redeemed	(70,700)	(844,246)	—	—
Net increase	<u>22,679</u>	<u>\$ 254,738</u>	<u>10,000</u>	<u>\$ 100,000</u>
Class K				
Shares sold	1,005,846	\$11,841,493	992,317	\$ 9,925,275
Shares issued in reinvestment of distributions	3,026	36,561	10	115
Shares redeemed	(34,293)	(411,614)	—	—
Net increase	<u>974,579</u>	<u>11,466,440</u>	<u>992,327</u>	<u>9,925,390</u>
Total Increase	<u>997,258</u>	<u>\$11,721,178</u>	<u>1,002,327</u>	<u>\$10,025,390</u>
Size Factor Index Fund				
Institutional				
Shares sold	135	\$ 1,571	10,014	\$ 100,150
Shares issued in reinvestment of distributions	—	5	—	—
Shares redeemed	—	—	(14)	(150)
Net increase	<u>135</u>	<u>\$ 1,576</u>	<u>10,000</u>	<u>\$ 100,000</u>
Class K				
Shares sold	—	\$ —	990,000	\$ 9,900,000
Shares issued in reinvestment of distributions	—	—	—	—
Shares redeemed	—	—	—	—
Net increase	<u>—</u>	<u>—</u>	<u>990,000</u>	<u>9,900,000</u>
Total Increase	<u>135</u>	<u>\$ 1,576</u>	<u>1,000,000</u>	<u>\$10,000,000</u>
Value Factor Index Fund				
Institutional				
Shares sold	19,004	\$ 219,846	10,000	\$ 100,000
Shares issued in reinvestment of distributions	90	1,044	—	—
Shares redeemed	(8,531)	(97,252)	—	—
Net increase	<u>10,563</u>	<u>\$ 123,638</u>	<u>10,000</u>	<u>\$ 100,000</u>
Class K				
Shares sold	—	\$ —	990,000	\$ 9,900,000
Shares issued in reinvestment of distributions	—	—	—	—
Shares redeemed	—	—	—	—
Net increase	<u>—</u>	<u>—</u>	<u>990,000</u>	<u>9,900,000</u>
Total Increase	<u>10,563</u>	<u>\$ 123,638</u>	<u>1,000,000</u>	<u>\$10,000,000</u>

^(a) Commencement of operations.

As of July 31, 2018, shares owned by BlackRock HoldCo 2, Inc., an affiliate of the Funds, were as follows:

	Institutional	Class K
Momentum Factor Index Fund	10,000	990,000
Quality Factor Index Fund	10,000	990,000
Size Factor Index Fund	10,000	990,000
Value Factor Index Fund	10,000	990,000

12. SUBSEQUENT EVENTS

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

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of

BlackRock Funds and Shareholders iShares Edge MSCI USA Momentum Factor Index Fund, iShares Edge MSCI USA Quality Factor Index Fund, iShares Edge MSCI USA Size Factor Index Fund and iShares Edge MSCI USA Value Factor Index Fund

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of iShares Edge MSCI USA Momentum Factor Index Fund, iShares Edge MSCI USA Quality Factor Index Fund, iShares Edge MSCI USA Size Factor Index Fund and iShares Edge MSCI USA Value Factor Index Fund (four of the funds constituting BlackRock Funds, hereafter collectively referred to as the "Funds") as of July 31, 2018, the related statements of operations for the year ended July 31, 2018 and the statements of changes in net assets and the financial highlights for the year ended July 31, 2018 and for the period December 20, 2016 (commencement of operations) through July 31, 2017, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of July 31, 2018, the results of each of their operations for the year ended July 31, 2018, and the changes in their changes in net assets and each of the financial highlights for the year ended July 31, 2018 and for the period December 20, 2016 (commencement of operations) through July 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of July 31, 2018 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinions.

/s/PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

September 27, 2018

We have served as the auditor of one or more BlackRock investment companies since 2000.

Important Tax Information (unaudited)

During the fiscal year ended July 31, 2018, the following information is provided with respect to the ordinary income distributions paid by the Funds.

		<i>Momentum Factor Index Fund</i>	<i>Quality Factor Index Fund</i>	<i>Size Factor Index Fund</i>	<i>Value Factor Index Fund</i>
Qualified Dividend Income for Individuals ^(a)	<i>Payable Date</i>				
	10/13/17	10.73%	38.26%	53.26%	79.05%
	12/18/17	18.19%	32.22%	62.57%	84.11%
	04/12/18	13.66%	32.84%	40.32%	76.53%
	07/20/18	13.66%	32.84%	40.32%	76.53%
Dividends Qualifying for the Dividend Received Deduction for Corporations ^(a)	Quarterly	19.16%	30.50%	44.54%	75.87%
Qualified Short-Term Capital Gains for Non-U.S. Residents ^(b)	12/18/17	94.76%	87.30%	60.64%	40.76%
20% Long-Term Capital Gains Paid Per Share	12/18/17	\$0.001575	\$—	\$—	\$0.003753

^(a) The Funds hereby designate the percentage indicated above or the maximum amount allowable by law.

^(b) Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

Disclosure of Investment Advisory Agreement

The Board of Trustees (the "Board," the members of which are referred to as "Board Members") of BlackRock Funds (the "Trust") met in person on April 19, 2018 (the "April Meeting") and May 17-18, 2018 (the "May Meeting") to consider the approval of the investment advisory agreement (the "Agreement") between the Trust, on behalf of iShares Edge MSCI USA Momentum Factor Index Fund ("Momentum Factor Index Fund"), iShares Edge MSCI USA Quality Factor Index Fund ("Quality Factor Index Fund"), iShares Edge MSCI USA Size Factor Index Fund ("Size Factor Index Fund") and iShares Edge MSCI USA Value Factor Index Fund ("Value Factor Index Fund," and together with Momentum Factor Index Fund, Quality Factor Index Fund and Size Factor Index Fund, the "Funds"), each a series of the Trust, and BlackRock Fund Advisors (the "Manager" or "BlackRock"), each Fund's investment advisor.

Activities and Composition of the Board

On the date of the May Meeting, the Board consisted of thirteen individuals, eleven of whom were not "interested persons" of the Trust as defined in the Investment Company Act of 1940, as amended (the "1940 Act") (the "Independent Board Members"). The Board Members are responsible for the oversight of the operations of the Trust and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chair of the Board is an Independent Board Member. The Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight and Contract Committee and an Executive Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member).

The Agreement

Pursuant to the 1940 Act, the Board is required to consider the continuation of the Agreement on an annual basis. The Board has four quarterly meetings per year, each typically extending for two days, and additional in-person and telephonic meetings throughout the year, as needed. The Board also has a fifth one-day meeting to consider specific information surrounding the consideration of renewing the Agreement. The Board's consideration of the Agreement is a year-long deliberative process, during which the Board assessed, among other things, the nature, extent and quality of the services provided to the Funds by BlackRock, BlackRock's personnel and affiliates, including (as applicable): investment management; accounting, administrative and shareholder services; oversight of Fund service providers; marketing and promotional services; risk management and oversight; legal and compliance services; and ability to meet applicable legal and regulatory requirements.

The Board, acting directly and through its committees, considers at each of its meetings, and from time to time as appropriate, factors that are relevant to its annual consideration of the renewal of the Agreement, including the services and support provided by BlackRock to the Funds and their shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. This additional information is discussed further below in the section titled "Board Considerations in Approving the Agreement." Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year, ten-year, and/or since inception periods, as applicable, against peer funds, applicable benchmark, and performance metrics, as applicable, as well as senior management's and portfolio managers' analysis of the reasons for any over-performance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Funds for services; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of each Fund's investment objective(s), policies and restrictions, and meeting regulatory requirements; (e) the Trust's adherence to its compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Board; (i) the use of brokerage commissions and execution quality of portfolio transactions; (j) BlackRock's implementation of the Trust's valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment mandates across the open-end fund, exchange-traded fund ("ETF"), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to the Funds; (l) BlackRock's compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals' investments in the fund(s) they manage; and (m) periodic updates on BlackRock's business.

Board Considerations in Approving the Agreement

The Approval Process: Prior to the April Meeting, the Board requested and received materials specifically relating to the Agreement. The Board is continuously engaged in a process with its independent legal counsel and BlackRock to review the nature and scope of the information provided to better assist its deliberations. The materials provided in connection with the April Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), based on either a Lipper classification or Morningstar category, regarding each Fund's fees and expenses as compared with a peer group of funds as determined by Broadridge ("Expense Peers") and the investment performance of each Fund as compared with a peer group of funds ("Performance Peers") and other metrics, as applicable; (b) information on the composition of the Expense Peers and Performance Peers, and a description of Broadridge's methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreement and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts, sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts under similar investment mandates, as well as the performance of such other products, as applicable; (e) review of non-management fees; (f) the existence and impact of potential economies of scale, if any, and the sharing of potential economies of scale with the Funds; (g) a summary of aggregate amounts paid by each Fund to BlackRock; (h) sales and redemption data regarding each Fund's shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock's and the Funds' operations.

At the April Meeting, the Board reviewed materials relating to its consideration of the Agreement. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Board's year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the May Meeting.

Disclosure of Investment Advisory Agreement (continued)

At the May Meeting, the Board considered, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared with its Performance Peers and other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with the Funds; (d) each Fund's fees and expenses compared to its Expense Peers; (e) the sharing of potential economies of scale; (f) fall-out benefits to BlackRock and its affiliates as a result of BlackRock's relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates, securities lending and cash management, services related to the valuation and pricing of the portfolio holdings of each Fund, and advice from independent legal counsel with respect to the review process and materials submitted for the Board's review. The Board noted the willingness of BlackRock personnel to engage in open, candid discussions with the Board. The Board did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Board compared each Fund's performance to the performance of a comparable group of mutual funds, relevant benchmark, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing the Fund's performance and the Fund's investment objective(s), strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; BlackRock's research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide the Funds with certain administrative, shareholder and other services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of other service providers, including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing administrative functions necessary for the operation of the Funds, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal & compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Funds and BlackRock: The Board, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the April Meeting, the Board was provided with reports independently prepared by Broadridge, which included a comprehensive analysis of each Fund's performance as of December 31, 2017. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, with respect to each Fund, the Board received and reviewed information regarding the investment performance of the Fund as compared to its Performance Peers and the performance of the Fund as compared with its benchmark. The Board and its Performance Oversight and Contract Committee regularly review, and meet with Fund management to discuss, the performance of each Fund throughout the year.

In evaluating performance, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. Further, the Board recognized that it is possible that long-term performance can be impacted by even one period of significant outperformance or underperformance, so that a single investment theme has the ability to affect long-term performance disproportionately.

The Board noted that for the one-year period reported, Size Factor Index Fund's net performance was within the tolerance range of its benchmark.

The Board noted that for the one-year period reported, the net performance of each of Momentum Factor Index Fund and Value Factor Index Fund was out of the tolerance range of its benchmark. The Board and BlackRock reviewed the out of tolerance performance of these Funds over the applicable period. The Board was informed that, among other things, each of these Funds underperformed its benchmark and breached its lower tolerance, primarily driven by negative performance stemming from the impact of post-notified flows. Post-notified activity is a source of performance variation, relative to the benchmark, because the flow information is received after the close of the effective date of the activity introducing either a drag or boost to performance.

The Board noted that for the one-year period reported, Quality Factor Index Fund's net performance was out of the tolerance range of its benchmark. The Board and BlackRock reviewed the Fund's out of tolerance performance over the applicable period. The Board was informed that, among other things, the Fund outperformed its benchmark and breached its upper tolerance. For the period from inception through September 1, 2017, the Fund was not managed to the MSCI USA Sector Neutral Quality Index, and the Fund's total returns are the returns of the Fund when it inadvertently tracked the MSCI USA Quality Index.

BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for each Fund.

Disclosure of Investment Advisory Agreement (continued)

C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with the Funds: The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non 12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2017 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. As a result, calculating and comparing profitability at individual fund levels is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Board considered the estimated cost of the services provided to the Funds by BlackRock, and BlackRock's and its affiliates' estimated profits relating to the management and distribution of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Board reviewed BlackRock's methodology in allocating its costs of managing each Fund, to each respective Fund. The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreement and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing the Funds in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that Quality Factor Index Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers.

The Board noted that Size Factor Index Fund's contractual management fee rate ranked first out of four funds, and that the actual management fee rate and total expense ratio ranked first out of four funds and second out of four funds, respectively, relative to the Fund's Expense Peers.

The Board noted that Value Factor Index Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers.

The Board noted that Momentum Factor Index Fund's contractual management fee rate ranked third out of four funds, and that the actual management fee rate and total expense ratio ranked first out of four funds and third out of four funds, respectively, relative to the Fund's Expense Peers.

The Board also noted that BlackRock and the Board have contractually agreed to a cap on each Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of the Funds increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and expense caps had been approved by the Board. The Board also considered the extent to which the Funds benefit from such economies in a variety of ways and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Funds to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate. In their consideration, the Board Members took into account the existence of any expense caps and further considered the continuation and/or implementation, as applicable, of such caps.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreement, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that the pertinent Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

Conclusion

The Board, including the Independent Board Members, approved the continuation of the Agreement between the Manager and the Trust with respect to each Fund for a one-year term ending June 30, 2019. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreement were fair and reasonable and, as applicable, in the best interest of each Fund and its shareholders. In arriving at its decision to approve the Agreement, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Trustee and Officer Information

Independent Trustees ^(a)

Name Year of Birth ^(b)	Position(s) Held (Length of Service) ^(c)	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
Rodney D. Johnson 1941	Chair of the Board ^(d) and Trustee (Since 2007)	President, Fairmount Capital Advisors, Inc. from 1987 to 2013; Member of the Archdiocesan Investment Committee of the Archdiocese of Philadelphia from 2004 to 2012; Director, The Committee of Seventy (civic) from 2006 to 2012; Director, Fox Chase Cancer Center from 2004 to 2011; Director, The Mainstay (non-profit) since 2016.	27 RICs consisting of 142 Portfolios	None
Mark Stalnecker 1951	Chair Elect of the Board (Since 2018) ^(d) and Trustee (Since 2015)	Chief Investment Officer, University of Delaware from 1999 to 2013; Trustee, Winterthur Museum and Country Estate from 2001 to 2015; Member of the Investment Committee, Delaware Public Employees' Retirement System since 2002; Member of the Investment Committee, Christiana Care Health System from 2009 to 2017; Member of the Investment Committee, Delaware Community Foundation from 2013 to 2014; Director, SEI Private Trust Co. from 2001 to 2014.	27 RICs consisting of 142 Portfolios	None
Susan J. Carter 1956	Trustee (Since 2016)	Director, Pacific Pension Institute from 2014 to 2018; Advisory Board Member, Center for Private Equity and Entrepreneurship at Tuck School of Business since 1997; Senior Advisor, Commonfund Capital, Inc. ("CCI") (investment adviser) in 2015; Chief Executive Officer, CCI from 2013 to 2014; President & Chief Executive Officer, CCI from 1997 to 2013; Advisory Board Member, Girls Who Invest since 2015; Advisory Board Member, Bridges Fund Management since 2016; Trustee, Financial Accounting Foundation since 2017; Practitioner Advisory Board Member, Private Capital Research Institute (PCRI) since 2017.	27 RICs consisting of 142 Portfolios	None
Collette Chilton 1958	Trustee (Since 2015)	Chief Investment Officer, Williams College since 2006; Chief Investment Officer, Lucent Asset Management Corporation from 1998 to 2006.	27 RICs consisting of 142 Portfolios	None
Neil A. Cotty 1954	Trustee (Since 2016)	Bank of America Corporation from 1996 to 2015, serving in various senior finance leadership roles, including Chief Accounting Officer, from 2009 to 2015, Chief Financial Officer of Global Banking, Markets and Wealth Management from 2008 to 2009, Chief Accounting Officer from 2004 to 2008, Chief Financial Officer of Consumer Bank from 2003 to 2004, Chief Financial Officer of Global Corporate Investment Bank from 1999 to 2002.	27 RICs consisting of 142 Portfolios	None
Cynthia A. Montgomery 1952	Trustee (Since 2007)	Professor, Harvard Business School since 1989; Director, McLean Hospital from 2005 to 2012.	27 RICs consisting of 142 Portfolios	Newell Rubbermaid, Inc. (manufacturing)
Joseph P. Platt 1947	Trustee (Since 2007)	General Partner, Thorn Partners, LP (private investments) since 1998; Director, WQED Multi-Media (public broadcasting not-for-profit) since 2001; Chair, Basic Health International (non-profit) since 2015.	27 RICs consisting of 142 Portfolios	Greenlight Capital Re, Ltd. (reinsurance company); Consol Energy Inc.
Robert C. Robb, Jr. 1945	Trustee (Since 2007)	Partner, Lewis, Eckert, Robb and Company (management and financial consulting firm) since 1981 and Principal since 2010.	27 RICs consisting of 142 Portfolios	None

Independent Trustees ^(a) (continued)

Name Year of Birth ^(b)	Position(s) Held (Length of Service) ^(c)	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
Kenneth L. Urish 1951	Trustee (Since 2007)	Managing Partner, Urish Popeck & Co., LLC (certified public accountants and consultants) since 1976; Past-Chairman of the Professional Ethics Committee of the Pennsylvania Institute of Certified Public Accountants and Committee Member thereof since 2007; Member of External Advisory Board, The Pennsylvania State University Accounting Department since founding in 2001; Principal, UP Strategic Wealth Investment Advisors, LLC since 2013; Trustee, The Holy Family Institute from 2001 to 2010; President and Trustee, Pittsburgh Catholic Publishing Associates from 2003 to 2008; Director, Inter-Tel from 2006 to 2007.	27 RICs consisting of 142 Portfolios	None
Claire A. Walton 1957	Trustee (Since 2016)	Chief Operating Officer and Chief Financial Officer of Liberty Square Asset Management, LP from 1998 to 2015; General Partner of Neon Liberty Capital Management, LLC since 2003; Director, Boston Hedge Fund Group since 2009; Director, Woodstock Ski Runners since 2013; Director, Massachusetts Council on Economic Education from 2013 to 2015.	27 RICs consisting of 142 Portfolios	None
Frederick W. Winter 1945	Trustee (Since 2007)	Director, Alkon Corporation since 1992; Dean Emeritus of the Joseph M. Katz School of Business, University of Pittsburgh, Dean and Professor from 1997 to 2005, Professor until 2013.	27 RICs consisting of 142 Portfolios	None

Interested Trustees ^(a) ^(e)

Name Year of Birth ^(b)	Position(s) Held (Length of Service) ^(c)	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
Robert Fairbairn 1965	Trustee (Since 2018)	Senior Managing Director of BlackRock, Inc. since 2010; oversees BlackRock's Strategic Partner Program and Strategic Product Management Group; Member of BlackRock's Global Executive and Global Operating Committees; Co-Chair of BlackRock's Human Capital Committee; Global Head of BlackRock's Retail and iShares® businesses from 2012 to 2016.	130 RICs consisting of 317 Portfolios	None
John M. Perlowski 1964	Trustee (Since 2015); President and Chief Executive Officer (Since 2010)	Managing Director of BlackRock, Inc. since 2009; Head of BlackRock Global Accounting and Product Services since 2009; Advisory Director of Family Resource Network (charitable foundation) since 2009.	130 RICs consisting of 317 Portfolios	None

^(a) The address of each Trustee is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

^(b) Independent Trustees serve until their resignation, retirement, removal or death, or until December 31 of the year in which they turn 75. The Board may determine to extend the terms of Independent Trustees on a case-by-case basis, as appropriate. The Board has approved extending the mandatory retirement age for Rodney D. Johnson until December 31, 2018.

^(c) Following the combination of Merrill Lynch Investment Managers, L.P. ("MLIM") and BlackRock, Inc. ("BlackRock") in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Independent Trustees as joining the Board in 2007, those Independent Trustees first became members of the boards of other legacy MLIM or legacy BlackRock funds as follows: Rodney D. Johnson, 1995; Cynthia A. Montgomery, 1994; Joseph P. Platt, 1999; Robert C. Robb, Jr., 1999; Kenneth L. Urish, 1999; and Frederick W. Winter, 1999.

^(d) Mr. Stalneckner was approved as Chair Elect of the Board effective January 1, 2018. It is expected that, effective January 1, 2019, Mr. Stalneckner will assume the position of Chair of the Board and Mr. Johnson will retire as Chair of the Board.

^(e) Mr. Fairbairn and Mr. Perlowski are both "interested persons," as defined in the 1940 Act, of the Trust based on their positions with BlackRock and its affiliates. Mr. Fairbairn and Mr. Perlowski are also a board members of the BlackRock Equity-Bond Complex and the BlackRock Closed-End Complex.

Officers Who Are Not Trustees ^(a)

Name Year of Birth ^(b)	Position(s) Held (Length of Service)	Principal Occupation(s) During Past Five Years
Thomas Callahan 1968	Vice President (Since 2016)	Managing Director of BlackRock, Inc. since 2013; Head of BlackRock's Global Cash Management Business since 2016; Co-Head of the Global Cash Management Business from 2014 to 2016; Deputy Head of the Global Cash Management Business from 2013 to 2014; Member of the Cash Management Group Executive Committee since 2013; Chief Executive Officer of NYSE Liffe U.S. from 2008 to 2013.
Jennifer McGovern 1977	Vice President (Since 2014)	Managing Director of BlackRock, Inc. since 2016; Director of BlackRock, Inc. from 2011 to 2015; Head of Product Structure and Oversight for BlackRock's U.S. Wealth Advisory Group since 2013.
Neal J. Andrews 1966	Chief Financial Officer (Since 2007)	Managing Director of BlackRock, Inc. since 2006.
Jay M. Fife 1970	Treasurer (Since 2007)	Managing Director of BlackRock, Inc. since 2007.
Charles Park 1967	Chief Compliance Officer (Since 2014)	Anti-Money Laundering Compliance Officer for the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex from 2014 to 2015; Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares® Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ("BFA") since 2006; Chief Compliance Officer for the BFA-advised iShares® exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012.
John MacKessy 1972	Anti-Money Laundering Compliance Officer (Since 2018)	Director of BlackRock, Inc. since 2017; Global Head of Anti-Money Laundering at BlackRock, Inc. since 2017; Director of AML Monitoring and Investigations Group of Citibank from 2015 to 2017; Global Anti-Money Laundering and Economic Sanctions Officer for MasterCard from 2011 to 2015.
Benjamin Archibald 1975	Secretary (Since 2012)	Managing Director of BlackRock, Inc. since 2014; Director of BlackRock, Inc. from 2010 to 2013; Secretary of the iShares® exchange traded funds since 2015; Secretary of the BlackRock-advised mutual funds since 2012.

^(a) The address of each Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

^(b) Officers of the Trust serve at the pleasure of the Board.

Further information about the Trust's Officers and Trustees is available in the Trust's Statement of Additional Information, which can be obtained without charge by calling (800) 537-4942.

Effective May 17, 2018, John MacKessy replaced Fernanda Piedra as the Anti-Money Laundering Compliance Officer of the Trusts.

Investment Adviser

BlackRock Fund Advisors
San Francisco, CA 94105

Accounting Agent and Custodian

State Street Bank and Trust Company
Boston, MA 02111

Transfer Agent

BNY Mellon Investment Servicing (US) Inc.
Wilmington, DE 19809

Distributor

BlackRock Investments, LLC
New York, NY 10022

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
Philadelphia, PA 19103

Legal Counsel

Sidley Austin LLP
New York, NY 10019

Address of the Trust

100 Bellevue Parkway
Wilmington, DE 19809

Additional Information

General Information

Householding

The Funds will mail only one copy of shareholder documents, including prospectuses, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called “householding” and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 537-4942.

Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room or how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 537-4942.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 537-4942; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com>; or by calling (800) 537-4942; and (2) on the SEC's website at <http://www.sec.gov>.

BlackRock's Mutual Fund Family

BlackRock offers a diverse lineup of open-end mutual funds crossing all investment styles and managed by experts in equity, fixed-income and tax-exempt investing. Visit <http://www.blackrock.com> for more information.

Shareholder Privileges

Account Information

Call us at (800) 537-4942 from 8:00 AM to 6:00 PM ET on any business day to get information about your account balances, recent transactions and share prices. You can also reach us on the Web at <http://www.blackrock.com>.

Automatic Investment Plans

Investor Class shareholders who want to invest regularly can arrange to have \$50 or more automatically deducted from their checking or savings account and invested in any of the BlackRock funds.

Systematic Withdrawal Plans

Investor Class shareholders can establish a systematic withdrawal plan and receive periodic payments of \$50 or more from their BlackRock funds, as long as their account balance is at least \$10,000.

Retirement Plans

Shareholders may make investments in conjunction with Traditional, Rollover, Roth, Coverdell, Simple IRAs, SEP IRAs and 403(b) Plans.

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, “Clients”) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

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BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

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Glossary of Terms Used in this Report

Portfolio Abbreviations

ETF	Exchange Traded Fund
MSCI	Morgan Stanley Capital International

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This report is intended for current holders. It is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of a Fund unless preceded or accompanied by the Fund's current prospectus. Past performance results shown in this report should not be considered a representation of future performance. Investment returns and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Statements and other information herein are as dated and are subject to change.

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