

## 2016年4月期 中間決算短信 (2015年5月1日~2015年10月31日)

Semi-Annual Earnings Report for Fiscal Year ended April 2016 (May 1, 2015 – October 31, 2015)

2016年1月13日

January 13, 2016

|                          |   |                  |        |
|--------------------------|---|------------------|--------|
| ファンド名                    | iシェアーズ 米国高配当株 ETF (モーニングスター配当フォーカス)   | 上場取引所            | 東      |
| コード番号                    | 1589  | 売買単位             | 1口     |
| 連動対象指標                   | モーニングスター配当フォーカス指数   |                  |        |
| 主要投資資産                   | 有価証券  |                  |        |
| 管理会社                     | ブラックロック・ファンド・アドバイザーズ  |                  |        |
| URL                      | <a href="http://www.blackrock.com/jp/products/269026/">http://www.blackrock.com/jp/products/269026/</a> |                  |        |
| 代表者                      | (役職名) マネージング・ディレクター (氏名) ジャック・ジー  |                  |        |
| 問合せ先責任者                  | (役職名) 代理人 (氏名) 濃川 耕平 (TEL) 03(6250)6200   |                  |        |
| Fund name:               | iShares Core High Dividend ETF-JDR  | Listed Exchange: | TSE    |
| Code:                    | 1589  | Trading unit:    | 1 unit |
| Underlying indicator:    | Morningstar® Dividend Yield Focus Index <sup>SM</sup>   |                  |        |
| Primary invested assets: | Securities  |                  |        |
| Management co.:          | BlackRock Fund Advisors   |                  |        |
| URL:                     | <a href="http://www.blackrock.com/jp/products/269026/">http://www.blackrock.com/jp/products/269026/</a> |                  |        |
| Representative:          | (Title) Managing Director (Name) Jack Gee   |                  |        |
| Contact person:          | (Title) Attorney-in-Fact (Name) Kohei Koikawa (TEL) 03(6250)6200  |                  |        |

半期報告書提出予定日 2016年1月

Scheduled date of submission of semi-annual report: January 2016

# I ファンドの運用状況

## I Fund Management

### 1. 2015年10月中間期の運用状況 (2015年5月1日～2015年10月31日)

#### 1. Management Status for Half-Year Ended October 2015 (from May 1, 2015 to October 31, 2015)

##### (1) 信託財産である外国ETFの資産内訳

(百万円未満切捨て)

##### (1) Assets of Trust Asset Foreign ETF

(amounts below 1 mil. yen are disregarded)

|   | 主要投資資産                  |              | 現金・預金・その他の資産<br>(負債控除後)                           |              | 合計 (純資産)           |              |
|---|-------------------------|--------------|---|--------------|--------------------|--------------|
|   | Primary Invested Assets |              | Cash/Deposits/Other Assets<br>(minus liabilities) |              | Total (Net Assets) |              |
|   | 金額<br>Amount            | 構成比<br>ratio | 金額<br>Amount                                      | 構成比<br>ratio | 金額<br>Amount       | 構成比<br>ratio |
|   | 百万円<br>JPY mil.         | %<br>%       | 百万円<br>JPY mil.                                   | %<br>%       | 百万円<br>JPY mil.    | %<br>%       |
| 2015年10月中間期<br>1st Half of the FY<br>ended October 2015 | 531,868                 | 100.17       | △900  | (0.17)       | 530,968            | 100.00       |
| 2015年4月期<br>FY ended April 2015                         | 596,713                 | 100.00       | △27   | (0.00)       | 596,686            | 100.00       |

##### (2) 信託財産である外国ETFの設定・交換実績

##### (2) Creation and Redemption of Trust Asset Foreign ETF

|   | 前計算期間末<br>発行済口数<br>No. of Issued Units<br>at End of Previous<br>Calculation Period<br>(①) | 設定口数<br>No. of Units Created<br>(②) | 交換口数<br>No. of Units Redeemed<br>(③) | 当中間計算期間末<br>発行済口数<br>No. of Issued Units at<br>End of Semi-annual<br>Period<br>(①+②-③) |
|---|---|-------------------------------------|--------------------------------------|--|
|   | 千口<br>'000 units  | 千口<br>'000 units                    | 千口<br>'000 units                     | 千口<br>'000 units   |
| 2015年10月中間期<br>1st Half of the FY<br>ended October 2015 | 62,950  | 6,400                               | 11,850                               | 57,500   |

##### (3) 信託財産である外国ETFの基準価額

##### (3) Net Asset Value of Trust Asset Foreign ETF

|   | 総資産<br>Total Assets<br>(①) | 負債<br>Liabilities<br>(②) | 純資産<br>Net Assets<br>(③(①-②)) | 1口当たり基準価額<br>Net Asset Value<br>per unit<br>(③/①)<br>(③/No. of Issued Units<br>at End of Semi-annual<br>Period (Previous<br>Calculation Period))×1 |
|---|----------------------------|--------------------------|-------------------------------|--|
|   | 百万円<br>JPY mil.            | 百万円<br>JPY mil.          | 百万円<br>JPY mil.               | 円<br>JPY   |
| 2015年10月中間期<br>1st Half of the FY<br>ended October 2015 | 533,211                    | 2,243                    | 530,968                       | 9,234.23   |
| 2015年4月期<br>FY ended April 2015                         | 599,773                    | 3,087                    | 596,686                       | 9,478.73   |

(4) 上場外国 ETF 信託受益証券に係る設定・交換実績

(4) Creation and Redemption of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

|   | 前計算期間末<br>発行済口数<br>No. of Issued Units<br>at End of Previous<br>Calculation Period | 設定口数<br>No. of Units Created | 交換口数<br>No. of Units Redeemed | 当中間計算期間末(前<br>計算期間末)<br>発行済口数<br>No. of Issued Units at<br>End of Semi-annual<br>Period (Previous<br>Calculation Period) |
|---|--|------------------------------|-------------------------------|--|
|   | (①)  | (②)                          | (③)                           | (①+②-③)  |
|   | 千口<br>'000 units   | 千口<br>'000 units             | 千口<br>'000 units              | 千口<br>'000 units   |
| 2015年10月中間期<br>1st Half of the FY<br>ended October 2015 | 183.714  | 0                            | 0                             | 183.714  |
| 2015年4月期<br>FY ended April 2015                         | 121  | 63                           | 0.286                         | 183.714  |

(5) 上場外国 ETF 信託受益証券の分配金

(5) Dividend Payment of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

| 2015年10月中間期<br>1st Half of the FY<br>ended October 2015 | 1口当たり分配金<br>Dividend per unit                   | 2015年4月期<br>FY ended April 2015  | 1口当たり分配金<br>Dividend per unit |
|---|---|----------------------------------|-------------------------------|
| ※1  | 円<br>JPY  | ※1                               | 円<br>JPY                      |
| 2015年6月26日<br>June 26, 2015                             | 61  | 2014年6月26日<br>June 26, 2014      | 40                            |
| 2015年9月25日<br>September 25, 2015                        | ※2 税率(Tax Rate)30% : 59<br>税率(Tax Rate)10% : 76 | 2014年9月26日<br>September 26, 2014 | 46                            |
| —   | —   | 2014年12月29日<br>December 29, 2014 | 54                            |
| —   | —   | 2015年3月27日<br>March 27, 2015     | 58                            |

※1 当該期間における分配のための基準日を記載しております。

※1 The record dates for distributions corresponding to the relevant period are indicated.

※2 適用される米国源泉税率毎に算出されています。

※2 These amounts of dividend per unit are shown together with, and after the application of, the respective applicable U.S. withholding tax rates.

(注) 上記(1)～(3)の表における米ドルから日本円への換算は、1米ドル=122.82円の換算率(2015年11月30日に株式会社三菱東京UFJ銀行が公表した対顧客電信売買相場の仲値)により計算されています。

(Note) Conversion from United States dollars into Japanese yen with respect to the tables in (1) through (3) above has been made at the exchange rate of \$1 = ¥ 122.82 (the telegraphic transfer middle exchange rate vis-à-vis customers quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. on November 30, 2015).

2. 信託財産である外国ETFの会計方針の変更

2. Change in Accounting Policies of Trust Asset Foreign ETF

- (1) 会計基準等の改正に伴う会計方針の変更 : 無  
 (1) Changes accompanying revision to accounting standards, etc. : No
- (2) (1)以外の会計方針の変更 : 無  
 (2) Changes other than those in (1) : No

2015 SEMI-ANNUAL REPORT (UNAUDITED)



**iShares Trust**

- ▶ iShares Core Dividend Growth ETF | DGRO | NYSE Arca
- ▶ iShares Core High Dividend ETF | HDV | NYSE Arca
- ▶ iShares International Select Dividend ETF | IDV | NYSE Arca
- ▶ iShares Select Dividend ETF | DVY | NYSE Arca

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# Statements of Assets and Liabilities (Unaudited)

## iSHARES® TRUST

October 31, 2015

|   | iShares<br>Core Dividend<br>Growth ETF | iShares<br>Core High<br>Dividend ETF | iShares<br>International<br>Select<br>Dividend ETF |
|---|--|--------------------------------------|--|
| <b>ASSETS</b>   |  |                                      |  |
| Investments, at cost:   |  |                                      |  |
| Unaffiliated  | \$241,182,013                          | \$4,340,417,646                      | \$3,449,696,995                                    |
| Affiliated (Note 2)   | 2,309,198                              | 12,581,421                           | 104,545,103  |
| Total cost of investments   | <u>\$243,491,211</u>                   | <u>\$4,352,999,067</u>               | <u>\$3,554,242,098</u>                             |
| Investments in securities, at fair value (including securities on loan <sup>a</sup> ) (Note 1): |  |                                      |  |
| Unaffiliated  | \$245,672,078                          | \$4,317,892,247                      | \$2,991,606,963                                    |
| Affiliated (Note 2)   | 2,416,121                              | 12,581,421                           | 49,296,314   |
| Total fair value of investments   | 248,088,199                            | 4,330,473,668                        | 3,040,903,277                                      |
| Foreign currency, at value <sup>b</sup>   | —                                      | —                                    | 4,041,201  |
| Cash  | —                                      | 389                                  | —  |
| Cash pledged to broker  | 28,400                                 | 211,600                              | —  |
| Receivables:  |  |                                      |  |
| Dividends and interest  | 291,151                                | 10,720,725                           | 2,788,621  |
| Capital shares sold   | 7,752                                  | —                                    | —  |
| Tax reclaims  | —                                      | —                                    | 2,406,683  |
| Total Assets  | <u>\$248,415,502</u>                   | <u>\$4,341,406,382</u>               | <u>\$3,050,139,782</u>                             |
| <b>LIABILITIES</b>  |  |                                      |  |
| Payables:   |  |                                      |  |
| Investment securities purchased   | —                                      | 14,936,229                           | 14,956   |
| Collateral for securities on loan (Note 1)  | 189,631                                | 2,877,630                            | 10,245,822   |
| Capital shares redeemed   | —                                      | —                                    | 614,724  |
| Futures variation margin  | 2,790                                  | 21,390                               | —  |
| Investment advisory fees (Note 2)   | 18,861                                 | 428,755                              | 1,305,964  |
| Total Liabilities   | <u>211,282</u>                         | <u>18,264,004</u>                    | <u>12,181,466</u>                                  |
| NET ASSETS  | <u>\$248,204,220</u>                   | <u>\$4,323,142,378</u>               | <u>\$3,037,958,316</u>                             |
| <b>Net assets consist of:</b>   |  |                                      |  |
| Paid-in capital   | \$245,997,083                          | \$4,421,983,747                      | \$3,780,365,742                                    |
| Undistributed net investment income   | 156,518                                | 13,067,233                           | 10,926,207   |
| Accumulated net realized loss   | (2,578,551)                            | (89,771,541)                         | (239,724,078)                                      |
| Net unrealized appreciation (depreciation)  | 4,629,170                              | (22,137,061)                         | (513,609,555)                                      |
| NET ASSETS  | <u>\$248,204,220</u>                   | <u>\$4,323,142,378</u>               | <u>\$3,037,958,316</u>                             |
| Shares outstanding <sup>c</sup>   | <u>9,500,000</u>                       | <u>57,500,000</u>                    | <u>101,000,000</u>                                 |
| Net asset value per share   | <u>\$ 26.13</u>                        | <u>\$ 75.19</u>                      | <u>\$ 30.08</u>                                    |

<sup>a</sup> Securities on loan with values of \$185,519, \$2,817,848 and \$9,746,835, respectively. See Note 1.

<sup>b</sup> Cost of foreign currency: \$ —, \$ — and \$4,067,684, respectively.

<sup>c</sup> No par value, unlimited number of shares authorized.

See notes to financial statements.

# Statements of Operations (Unaudited)

## iSHARES® TRUST

Six months ended October 31, 2015

|  | iShares<br>Core Dividend<br>Growth ETF | iShares<br>Core High<br>Dividend ETF | iShares<br>International<br>Select<br>Dividend ETF |
|--|--|--------------------------------------|--|
| <b>NET INVESTMENT INCOME</b>   |  |                                      |  |
| Dividends — unaffiliated <sup>a</sup>                                  | \$ 2,613,395                           | \$ 86,731,054                        | \$ 96,288,017                                      |
| Dividends — affiliated (Note 2)  | 15,755                                 | —                                    | 6,708,159  |
| Interest — affiliated (Note 2)   | 24                                     | 491                                  | 73   |
| Securities lending income — affiliated — net (Note 2)                  | 138                                    | 6,092                                | 193,661  |
| Total investment income  | <u>2,629,312</u>                       | <u>86,737,637</u>                    | <u>103,189,910</u>                                 |
| <b>EXPENSES</b>  |  |                                      |  |
| Investment advisory fees (Note 2)                                      | <u>120,691</u>                         | <u>2,654,261</u>                     | <u>9,557,029</u>                                   |
| Total expenses   | 120,691                                | 2,654,261                            | 9,557,029  |
| Less investment advisory fees waived (Note 2)                          | <u>(61,599)</u>                        | <u>—</u>                             | <u>—</u>   |
| Net expenses   | <u>59,092</u>                          | <u>2,654,261</u>                     | <u>9,557,029</u>                                   |
| Net investment income  | <u>2,570,220</u>                       | <u>84,083,376</u>                    | <u>93,632,881</u>                                  |
| <b>NET REALIZED AND UNREALIZED GAIN (LOSS)</b>                         |  |                                      |  |
| Net realized gain (loss) from:   |  |                                      |  |
| Investments — unaffiliated   | (1,893,802)                            | (97,362,656)                         | (40,950,810)                                       |
| Investments — affiliated (Note 2)                                      | (1,434)                                | —                                    | (7,240,726)  |
| In-kind redemptions — unaffiliated                                     | 72,258                                 | 68,468,770                           | 42,883,341   |
| In-kind redemptions — affiliated (Note 2)                              | 7                                      | —                                    | (3,693,086)  |
| Futures contracts  | (44,354)                               | (248,105)                            | —  |
| Foreign currency transactions  | <u>—</u>                               | <u>—</u>                             | <u>(1,208,367)</u>                                 |
| Net realized loss  | <u>(1,867,325)</u>                     | <u>(29,141,991)</u>                  | <u>(10,209,648)</u>                                |
| Net change in unrealized appreciation/depreciation on:                 |  |                                      |  |
| Investments  | 1,889,191                              | (98,781,620)                         | (616,746,395)                                      |
| Futures contracts  | 25,140                                 | 356,937                              | —  |
| Translation of assets and liabilities in foreign currencies            | <u>—</u>                               | <u>—</u>                             | <u>(413,459)</u>                                   |
| Net change in unrealized appreciation/depreciation                     | <u>1,914,331</u>                       | <u>(98,424,683)</u>                  | <u>(617,159,854)</u>                               |
| Net realized and unrealized gain (loss)                                | <u>47,006</u>                          | <u>(127,566,674)</u>                 | <u>(627,369,502)</u>                               |
| <b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b> | <u>\$ 2,617,226</u>                    | <u>\$ (43,483,298)</u>               | <u>\$ (533,736,621)</u>                            |

<sup>a</sup> Net of foreign withholding tax of \$169, \$7,238 and \$6,335,323, respectively.

See notes to financial statements.

# Statements of Changes in Net Assets

## iSHARES® TRUST

|  | <i>iShares<br/>Core Dividend<br/>Growth ETF</i>        |   | <i>iShares<br/>Core High<br/>Dividend ETF</i>          |                              |
|--|--|---|--|------------------------------|
|  | Six months<br>ended<br>October 31, 2015<br>(Unaudited) | Period from<br>June 10, 2014 <sup>a</sup><br>to<br>April 30, 2015 | Six months<br>ended<br>October 31, 2015<br>(Unaudited) | Year ended<br>April 30, 2015 |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>                                       |  |   |  |                              |
| <b>OPERATIONS:</b>   |  |   |  |                              |
| Net investment income  | \$ 2,570,220   | \$ 2,193,259  | \$ 84,083,376  | \$ 168,393,493               |
| Net realized gain (loss)   | (1,867,325)  | 3,674,826   | (29,141,991)   | 426,639,122                  |
| Net change in unrealized appreciation/depreciation                             | 1,914,331  | 2,714,839   | (98,424,683)   | (230,857,166)                |
| Net increase (decrease) in net assets resulting<br>from operations             | 2,617,226  | 8,582,924   | (43,483,298)   | 364,175,449                  |
| <b>DISTRIBUTIONS TO SHAREHOLDERS:</b>  |  |   |  |                              |
| From net investment income   | (2,643,014)  | (1,963,947)   | (84,616,077)   | (160,579,515)                |
| Total distributions to shareholders  | (2,643,014)  | (1,963,947)   | (84,616,077)   | (160,579,515)                |
| <b>CAPITAL SHARE TRANSACTIONS:</b>   |  |   |  |                              |
| Proceeds from shares sold  | 80,814,087   | 208,188,682   | 477,754,887  | 4,343,976,218                |
| Cost of shares redeemed  | (1,210,755)  | (46,180,983)  | (884,731,592)  | (3,231,652,468)              |
| Net increase (decrease) in net assets from capital<br>share transactions       | 79,603,332   | 162,007,699   | (406,976,705)  | 1,112,323,750                |
| INCREASE (DECREASE) IN NET ASSETS  | 79,577,544   | 168,626,676   | (535,076,080)  | 1,315,919,684                |
| <b>NET ASSETS</b>  |  |   |  |                              |
| Beginning of period  | 168,626,676  | —   | 4,858,218,458  | 3,542,298,774                |
| End of period  | \$248,204,220  | \$168,626,676   | \$4,323,142,378  | \$ 4,858,218,458             |
| Undistributed net investment income included in net<br>assets at end of period | \$ 156,518   | \$ 229,312  | \$ 13,067,233  | \$ 13,599,934                |
| <b>SHARES ISSUED AND REDEEMED</b>  |  |   |  |                              |
| Shares sold  | 3,150,000  | 8,150,000   | 6,400,000  | 57,300,000                   |
| Shares redeemed  | (50,000)   | (1,750,000)   | (11,850,000)   | (42,350,000)                 |
| Net increase (decrease) in shares outstanding                                  | 3,100,000  | 6,400,000   | (5,450,000)  | 14,950,000                   |

<sup>a</sup> Commencement of operations.

See notes to financial statements.

# Financial Highlights

## iSHARES® TRUST

(For a share outstanding throughout each period)

### iShares Core Dividend Growth ETF

|   | Six months<br>ended<br>Oct. 31, 2015<br>(Unaudited) | Period from<br>Jun. 10, 2014 <sup>a</sup><br>to<br>Apr. 30, 2015 |
|---|---|--|
| <b>Net asset value, beginning of period</b>                               | \$ 26.35  | \$ 24.96   |
| <b>Income from investment operations:</b>                                 |   |  |
| Net investment income <sup>b</sup>  | 0.33  | 0.53   |
| Net realized and unrealized gain (loss) <sup>c</sup>                      | (0.22)  | 1.29   |
| Total from investment operations  | 0.11  | 1.82   |
| <b>Less distributions from:</b>   |   |  |
| Net investment income   | (0.33)  | (0.43)   |
| Total distributions   | (0.33)  | (0.43)   |
| <b>Net asset value, end of period</b>                                     | \$ 26.13  | \$ 26.35   |
| <b>Total return</b>   | 0.47% <sup>d</sup>                                  | 7.31% <sup>d</sup>   |
| <b>Ratios/Supplemental data:</b>  |   |  |
| Net assets, end of period (000s)  | \$248,204   | \$168,627  |
| Ratio of expenses to average net assets <sup>e</sup>                      | 0.06%   | 0.05%  |
| Ratio of expenses to average net assets prior to waived fees <sup>e</sup> | 0.12%   | 0.12%  |
| Ratio of net investment income to average net assets <sup>e</sup>         | 2.56%   | 2.31%  |
| Portfolio turnover rate <sup>f</sup>                                      | 12%   | 47%  |

<sup>a</sup> Commencement of operations.

<sup>b</sup> Based on average shares outstanding throughout each period.

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

<sup>d</sup> Not annualized.

<sup>e</sup> Annualized for periods of less than one year.

<sup>f</sup> Portfolio turnover rates exclude portfolio securities received or delivered as a result of processing capital share transactions in Creation Units.

See notes to financial statements.

# Notes to Financial Statements (Unaudited)

## iSHARES® TRUST

iShares Trust (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust was established as a Delaware statutory trust pursuant to an Agreement and Declaration of Trust dated December 16, 1999.

These financial statements relate only to the following funds (each, a “Fund,” and collectively, the “Funds”):

| <i>iShares ETF</i>            | <i>Diversification<br/>Classification</i> |
|-------------------------------|---|
| Core Dividend Growth          | Diversified                               |
| Core High Dividend            | Non-diversified                           |
| International Select Dividend | Diversified                               |
| Select Dividend               | Diversified                               |

The investment objective of each Fund is to seek investment results that correspond generally to the price and yield performance, before fees and expenses, of its underlying index. The investment adviser uses a “passive” or index approach to try to achieve each Fund’s investment objective.

Pursuant to the Trust’s organizational documents, the Funds’ officers and trustees are indemnified against certain liabilities that may arise out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds’ maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are consistently followed by the Funds in the preparation of their financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses 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.

### SECURITY VALUATION

Each Fund’s investments are valued at fair value each day that the Fund’s listing exchange is open and, for financial reporting purposes, as of the report date should the reporting period end on a day that the Fund’s listing exchange is not open. U.S. GAAP defines fair value as the price a fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The BlackRock Global Valuation Methodologies Committee (the “Global Valuation Committee”) provides oversight of the valuation of investments for the Funds. The investments of each Fund are valued pursuant to policies and procedures developed by the Global Valuation Committee and approved by the Board of Trustees of the Trust (the “Board”).

- Equity investments traded on a recognized securities exchange are valued at that day’s last reported trade price or the official closing price, as applicable, on the exchange where the stock is primarily traded. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last traded price.
- Open-end U.S. mutual funds are valued at that day’s published net asset value (“NAV”).
- Futures contracts are valued at that day’s last reported settlement price on the exchange where the contract is traded.

# Notes to Financial Statements (Unaudited) (Continued)

## *iSHARES® TRUST*

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the fair value of such investment or if a price is not available, the investment will be valued based upon other available factors deemed relevant by the Global Valuation Committee, in accordance with policies approved by the Board. These factors include but are not limited to (i) attributes specific to the investment; (ii) the principal market for the investment; (iii) the customary participants in the principal market for the investment; (iv) data assumptions by market participants for the investment, if reasonably available; (v) quoted prices for similar investments in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and/or default rates. Valuations based on such factors are reported to the Board on a quarterly basis.

The Global Valuation Committee employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Trust's pricing vendors, a regular review of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices, reviews of large movements in market values, and reviews of market related activity.

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

Various inputs are used in determining the fair value of financial instruments. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). These inputs are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes. The level of a value determined for a financial instrument within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement in its entirety. The categorization of a value determined for a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and is not necessarily an indication of the risk associated with investing in the instrument. The three levels of the fair value hierarchy are as follows:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not considered to be active, inputs other than quoted prices that are observable for the asset or liability (such as exchange rates, financing terms, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs; and
- Level 3 — Unobservable inputs for the asset or liability, including the Global Valuation Committee's assumptions used in determining the fair value of investments.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period.

As of October 31, 2015, the value of each of the Funds' investments was classified as Level 1. The breakdown of each Fund's investments into major categories is disclosed in its respective schedule of investments.

## **SECURITY TRANSACTIONS AND INCOME RECOGNITION**

Security transactions are accounted for on trade date. Dividend income and capital gain distributions, if any, are recognized on the ex-dividend date, net of any foreign taxes withheld at source. Any taxes withheld that are reclaimable from foreign tax

# Notes to Financial Statements (Unaudited) (Continued)

## *iSHARES*<sup>®</sup> TRUST

authorities as of October 31, 2015 are reflected in tax reclaims receivable. Non-cash dividends received in the form of stock in an elective dividend, if any, are recorded as dividend income at fair value. Distributions received by the Funds may include a return of capital that is estimated by management. Such amounts are recorded as a reduction of the cost of investments or reclassified to capital gains. Interest income is accrued daily. Realized gains and losses on investment transactions are determined using the specific identification method.

### **FOREIGN CURRENCY TRANSLATION**

The accounting records of the Funds are maintained in U.S. dollars. Foreign currencies, as well as investment securities and other assets and liabilities denominated in foreign currencies, are translated into U.S. dollars using exchange rates deemed appropriate by the investment adviser. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars on the respective dates of such transactions.

Each Fund does not isolate the effect of fluctuations in foreign exchange rates from the effect of fluctuations in the market prices of securities. Such fluctuations are reflected by the Funds as a component of realized and unrealized gains and losses from investments for financial reporting purposes.

### **FOREIGN TAXES**

Certain Funds may be subject to foreign taxes (a portion of which may be reclaimable) on income, stock dividends, capital gains on investments, or certain foreign currency transactions. All foreign taxes are recorded in accordance with the applicable foreign tax regulations and rates that exist in the foreign jurisdictions in which the Funds invest. These foreign taxes, if any, are paid by the Funds and are reflected in their statements of operations as follows: foreign taxes withheld at source are presented as a reduction of income, foreign taxes on securities lending income are presented as a reduction of securities lending income, foreign taxes on stock dividends are presented as "other foreign taxes," and foreign taxes on capital gains from sales of investments and foreign taxes on foreign currency transactions are included in their respective net realized gain (loss) categories. Foreign taxes payable or deferred as of October 31, 2015, if any, are disclosed in the Funds' statements of assets and liabilities.

### **DISTRIBUTIONS TO SHAREHOLDERS**

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

### **LOANS OF PORTFOLIO SECURITIES**

Each Fund may lend its investment securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund 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 value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Funds. Any additional required collateral is delivered to the Funds and any excess collateral is returned by the Funds on the next business day. During the term of the loan, each Fund is entitled to all distributions made on or in respect of the loaned securities. 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.

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

Any cash received as collateral for securities on loan may be reinvested in certain short-term instruments either directly on behalf of a fund or through one or more joint accounts or money market funds, including those managed by BlackRock Fund Advisors (“BFA”), the Funds’ investment adviser, or its affiliates. As of October 31, 2015, any securities on loan were collateralized by cash. The cash collateral received was invested in money market funds managed by BFA and is disclosed in the schedules of investments. The securities on loan for each Fund are also disclosed in its schedule of investments. The total value of any securities on loan as of October 31, 2015 and the total value of the related collateral are disclosed in the statements of assets and liabilities. Income earned by the Funds from securities lending is disclosed in the statements of operations.

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 BlackRock, Inc. (“BlackRock”). BlackRock’s indemnity allows for full replacement of securities lent. Each Fund could suffer a loss if the value of the investments purchased with cash collateral falls below the value of the cash collateral received.

Securities lending transactions are entered into by the Funds under Master Securities Lending Agreements (“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, a Fund, as lender, would offset the market value of the collateral received against the market value of the securities loaned. The value of the collateral is typically greater than that of the market value of the securities loaned, leaving the lender 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, the borrower can resell or re-pledge the loaned securities, and a Fund can reinvest cash collateral, or, upon an event of default, resell or re-pledge the collateral.

The following table is a summary of securities lending agreements which are subject to offset under an MSLA as of October 31, 2015:

| <i>iShares ETF and Counterparty</i>                       | <i>Market Value of Securities on Loan</i> | <i>Cash Collateral Received<sup>a</sup></i> | <i>Net Amount</i> |
|---|---|---|-------------------|
| <i>Core Dividend Growth</i>                               |   |   |                   |
| Merrill Lynch, Pierce, Fenner & Smith                     | \$ 185,519                                | \$ 185,519                                  | \$ —              |
| <i>Core High Dividend</i>                                 |   |   |                   |
| Morgan Stanley & Co. LLC (U.S. Equity Securities Lending) | \$ 2,817,848                              | \$ 2,817,848                                | \$ —              |
| <i>International Select Dividend</i>                      |   |   |                   |
| JPMorgan Clearing Corp.                                   | \$ 6,392,727                              | \$ 6,392,727                                | \$ —              |
| Morgan Stanley & Co. LLC                                  | 3,354,108                                 | 3,354,108                                   | —                 |
|   | \$ 9,746,835                              | \$ 9,746,835                                | \$ —              |

<sup>a</sup> Collateral received in excess of the market value of securities on loan is not presented for financial reporting purposes. The total collateral received is disclosed in each Fund’s statement of assets and liabilities.

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

Pursuant to an Investment Advisory Agreement with the Trust, BFA manages the investment of each Fund’s assets. BFA is a California corporation indirectly owned by BlackRock. Under the Investment Advisory Agreement, BFA is responsible for substantially all expenses of the Funds, except interest, taxes, brokerage commissions and other expenses connected with the execution of portfolio transactions, distribution fees, litigation expenses and any extraordinary expenses.

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

For its investment advisory services to the iShares Core Dividend Growth ETF, BFA is entitled to an annual investment advisory fee of 0.12% based on the average daily net assets of the Fund. For the six months ended October 31, 2015, BFA has voluntarily waived a portion of its investment advisory fees for the Fund in the amount of \$61,599.

For its investment advisory services to the iShares Core High Dividend ETF, BFA is entitled to an annual investment advisory fee of 0.12% based on the average daily net assets of the Fund.

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

| <i>Investment Advisory Fee</i> | <i>Aggregate Average Daily Net Assets</i>           |
|--------------------------------|---|
| 0.5000%                        | First \$12 billion                                  |
| 0.4750 <sup>a</sup>            | Over \$12 billion, up to and including \$21 billion |
| 0.4513 <sup>a</sup>            | Over \$21 billion                                   |

<sup>a</sup> Investment advisory fee level reflects a 5% reduction (rounded to the fourth decimal place) from the investment advisory fee at the prior aggregate average daily net asset level.

Effective July 1, 2015, for its investment advisory services to the iShares Select Dividend ETF, BFA is entitled to an annual investment advisory fee based on the Fund's allocable portion of the aggregate of the average daily net assets of the Fund and certain other iShares funds, as follows:

| <i>Investment Advisory Fee</i> | <i>Aggregate Average Daily Net Assets</i>             |
|--------------------------------|---|
| 0.4000%                        | First \$46 billion                                    |
| 0.3800 <sup>a</sup>            | Over \$46 billion, up to and including \$81 billion   |
| 0.3610 <sup>a</sup>            | Over \$81 billion, up to and including \$111 billion  |
| 0.3430 <sup>a</sup>            | Over \$111 billion, up to and including \$141 billion |
| 0.3259 <sup>a</sup>            | Over \$141 billion                                    |

<sup>a</sup> Investment advisory fee level reflects a 5% reduction (rounded to the fourth decimal place) from the investment advisory fee at the prior aggregate average daily net asset level.

Prior to July 1, 2015, for its investment advisory services to the iShares Select Dividend ETF, BFA was entitled to an annual investment advisory fee based on the Fund's allocable portion of the aggregate of the average daily net assets of the Fund and certain other iShares funds, as follows:

| <i>Investment Advisory Fee</i> | <i>Aggregate Average Daily Net Assets</i>            |
|--------------------------------|--|
| 0.4000%                        | First \$46 billion                                   |
| 0.3800 <sup>a</sup>            | Over \$46 billion, up to and including \$81 billion  |
| 0.3610 <sup>a</sup>            | Over \$81 billion, up to and including \$141 billion |
| 0.3430 <sup>a</sup>            | Over \$141 billion                                   |

<sup>a</sup> Investment advisory fee level reflects a 5% reduction (rounded to the fourth decimal place) from the investment advisory fee at the prior aggregate average daily net asset level.

The U.S. Securities and Exchange Commission has issued an exemptive order which permits BlackRock Institutional Trust Company, N.A. ("BTC"), an affiliate of BFA, 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. Each Fund is responsible for fees in connection with the investment of cash collateral received for securities on loan in a money market fund managed by BFA,

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

however, BTC has agreed to reduce the amount of securities lending income it receives in order to effectively limit the collateral investment fees each Fund bears to an annual rate of 0.04% (the “collateral investment fees”). 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. The Funds retain a portion of securities lending income and remit the remaining portion to BTC as compensation for its services as securities lending agent.

Pursuant to a securities lending agreement, the iShares Core Dividend Growth ETF, iShares Core High Dividend ETF and iShares Select Dividend ETF (the “Group 1 Funds”), retain 71.5% of securities lending income and the amount retained can never be less than 65% of the total of securities lending income plus the collateral investment fees.

Pursuant to a securities lending agreement, the iShares International Select Dividend ETF (the “Group 2 Fund”), retains 80% of securities lending income and the amount retained can never be less than 70% 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 plus the collateral investment fees generated across all 1940 Act iShares exchange-traded funds (the “iShares ETF Complex”) in a given calendar year exceeds the aggregate securities lending income generated across the iShares ETF Complex in the calendar year 2013, each Group 1 Fund, pursuant to a securities lending agreement, will retain for the remainder of that calendar year 75% of securities lending income and the amount retained can never be less than 65% of the total of securities lending income plus the collateral investment fees. The Group 2 Fund will receive for the remainder of that calendar year 85% of securities lending income and the amount retained can never be less than 70% of the total of securities lending income plus the collateral investment fees.

For the six months ended October 31, 2015, the total of securities lending agent services and collateral investment fees paid were as follows:

| <u>iShares ETF</u>            | <u>Fees Paid<br/>to BTC</u> |
|-------------------------------|-----------------------------|
| Core Dividend Growth          | \$ 74                       |
| Core High Dividend            | 2,757                       |
| International Select Dividend | 50,875                      |
| Select Dividend               | 31,804                      |

BlackRock Investments, LLC, an affiliate of BFA, is the distributor for each Fund. Pursuant to the distribution agreement, BFA is responsible for any fees or expenses for distribution services provided to the Funds.

Cross trades for the six months ended October 31, 2015, if any, were executed by the Funds pursuant to Rule 17a-7 under the 1940 Act. Cross trading is the buying or selling of portfolio securities between funds to which BFA (or an affiliate) serves as investment adviser. At its regularly scheduled quarterly meetings, the Board reviews such transactions as of the most recent calendar quarter for compliance with the requirements and restrictions set forth by Rule 17a-7.

Each Fund may invest its positive cash balances in certain money market funds managed by BFA or an affiliate. The income earned on these temporary cash investments is included in “Interest – affiliated” in the statements of operations.

The PNC Financial Services Group, Inc. is the largest stockholder of BlackRock and is considered to be an affiliate of the Funds for 1940 Act purposes.

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

Investments in issuers considered to be affiliates of the Funds (excluding money market funds) during the six months ended October 31, 2015, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| <i>iShares ETF and Name of Affiliated Issuer</i> | <i>Shares Held at Beginning of Period</i> | <i>Shares Purchased</i> | <i>Shares Sold</i> | <i>Shares Held at End of Period</i> | <i>Value at End of Period</i> | <i>Dividend Income</i> | <i>Net Realized Gain (Loss)</i> |
|--|---|-------------------------|--------------------|-------------------------------------|-------------------------------|------------------------|---------------------------------|
| <i>Core Dividend Growth ETF</i>                  |   |                         |                    |                                     |                               |                        |                                 |
| BlackRock Inc.                                   | 2,851                                     | 2,446                   | (61)               | 5,236                               | \$ 1,842,915                  | \$ 15,755              | \$ (1,427)                      |
| <i>International Select Dividend</i>             |   |                         |                    |                                     |                               |                        |                                 |
| Monadelphous Group Ltd.                          | 8,395,650                                 | —                       | (515,631)          | 7,880,019                           | \$ 38,904,235                 | \$ 2,621,375           | \$ (6,245,476)                  |
| Neopost SA <sup>a</sup>                          | 1,934,944                                 | 52,816                  | (501,040)          | 1,486,720                           | 37,165,372                    | 4,086,784              | (4,688,336)                     |
|  |   |                         |                    |                                     | <u>\$ 76,069,607</u>          | <u>\$ 6,708,159</u>    | <u>\$(10,933,812)</u>           |
| <i>Select Dividend</i>                           |   |                         |                    |                                     |                               |                        |                                 |
| Avista Corp.                                     | 3,387,065                                 | 174,957                 | (342,730)          | 3,219,292                           | \$ 108,973,034                | \$ 2,174,816           | \$ 2,027,223                    |
| Bank of Hawaii Corp.                             | 2,446,999                                 | 127,212                 | (248,446)          | 2,325,765                           | 152,291,092                   | 2,144,026              | 4,406,734                       |
| Black Hills Corp.                                | 2,788,058                                 | 142,889                 | (281,094)          | 2,649,853                           | 121,310,270                   | 2,212,487              | 2,620,035                       |
| Guess? Inc. <sup>a</sup>                         | 4,333,874                                 | 228,842                 | (443,285)          | 4,119,431                           | 86,714,023                    | 1,899,066              | 655,676                         |
| IDACORP Inc. <sup>a</sup>                        | 2,601,021                                 | 135,758                 | (264,643)          | 2,472,136                           | 165,262,292                   | 2,414,062              | 1,578,639                       |
| Mercury General Corp.                            | 3,780,855                                 | —                       | (208,948)          | 3,571,907                           | 192,918,697                   | 4,582,296              | 85,590                          |
| Meredith Corp.                                   | 2,843,131                                 | 146,924                 | (287,888)          | 2,702,167                           | 127,055,893                   | 2,532,570              | 3,370,499                       |
| NorthWestern Corp.                               | —   | 3,301,275               | (263,927)          | 3,037,348                           | 164,593,888                   | 1,462,946              | 383,439                         |
| Tupperware Brands Corp.                          | 3,398,108                                 | 179,301                 | (347,835)          | 3,229,574                           | 190,125,021                   | 4,497,392              | 1,336,399                       |
|  |   |                         |                    |                                     | <u>\$1,309,244,210</u>        | <u>\$23,919,661</u>    | <u>\$ 16,464,234</u>            |

<sup>a</sup> Not an affiliate at the end of the period.

Certain trustees and officers of the Trust are also officers of BTC and/or BFA.

### 3. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments (excluding in-kind transactions and short-term investments) for the six months ended October 31, 2015 were as follows:

| <i>iShares ETF</i>            | <i>Purchases</i> | <i>Sales</i>  |
|-------------------------------|------------------|---------------|
| Core Dividend Growth          | \$ 23,562,212    | \$ 23,509,312 |
| Core High Dividend            | 1,655,720,759    | 1,648,473,975 |
| International Select Dividend | 105,676,844      | 150,697,215   |
| Select Dividend               | 676,192,523      | 643,679,513   |

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

In-kind transactions (see Note 4) for the six months ended October 31, 2015 were as follows:

| <i>iShares ETF</i>            | <i>In-kind<br/>Purchases</i> | <i>In-kind<br/>Sales</i> |
|-------------------------------|------------------------------|--------------------------|
| Core Dividend Growth          | \$ 80,544,960                | \$ 1,205,652             |
| Core High Dividend            | 475,986,438                  | 879,477,583              |
| International Select Dividend | 33,784,870                   | 925,799,572              |
| Select Dividend               | 218,854,939                  | 1,243,977,491            |

### 4. CAPITAL SHARE TRANSACTIONS

Capital shares are issued and redeemed by each Fund only in aggregations of a specified number of shares or multiples thereof ("Creation Units") at NAV. Except when aggregated in Creation Units, shares of each Fund are not redeemable. Transactions in capital shares for each Fund are disclosed in detail in the statements of changes in net assets.

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

### 5. FUTURES CONTRACTS

Each Fund may purchase or sell futures contracts in an effort to help such Fund track its underlying index. A futures contract is a standardized, exchange-traded agreement to buy and sell a financial instrument at a set price on a future date. Upon entering into a futures contract, the Fund is required to pledge to the executing broker which holds segregated from its own assets, an amount of cash, U.S. government securities or other high-quality debt and equity securities equal to the minimum initial margin requirements of the exchange on which the contract is traded. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recorded by the Fund as unrealized appreciation or depreciation. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Losses may arise if the value of a futures contract decreases due to an unfavorable change in the market rates or values of the underlying instrument during the term of the contract or if the counterparty does not perform under the contract. The use of futures contracts also involves the risk of an imperfect correlation in the movements in the price of futures contracts and the assets underlying such contracts.

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

The following table shows the value of futures contracts held as of October 31, 2015 and the related locations in the statements of assets and liabilities, presented by risk exposure category:

|  | Assets                                 |                                      |                                   |
|--|--|--------------------------------------|-----------------------------------|
|  | iShares<br>Core Dividend<br>Growth ETF | iShares<br>Core High<br>Dividend ETF | iShares<br>Select<br>Dividend ETF |
| Equity contracts:  |  |                                      |                                   |
| Variation margin/Net assets<br>consist of – net unrealized<br>appreciation (depreciation) <sup>a</sup> | \$ 32,182                              | \$ 388,338                           | \$ 1,457,519                      |

<sup>a</sup> Represents cumulative appreciation of futures contracts as reported in the schedules of investments. Only current day's variation margin is reported separately within the statements of assets and liabilities.

The following table shows the realized and unrealized gains (losses) on futures contracts held during the six months ended October 31, 2015 and the related locations in the statements of operations, presented by risk exposure category:

|                   | Net Realized Gain (Loss)               |                                      |                                   |
|-------------------|--|--------------------------------------|-----------------------------------|
|                   | iShares<br>Core Dividend<br>Growth ETF | iShares<br>Core High<br>Dividend ETF | iShares<br>Select<br>Dividend ETF |
| Equity contracts: |  |                                      |                                   |
| Futures contracts | \$ (44,354)                            | \$ (248,105)                         | \$ (1,584,752)                    |

  

|                   | Net Change in Unrealized<br>Appreciation/Depreciation |                                      |                                   |
|-------------------|---|--------------------------------------|-----------------------------------|
|                   | iShares<br>Core Dividend<br>Growth ETF                | iShares<br>Core High<br>Dividend ETF | iShares<br>Select<br>Dividend ETF |
| Equity contracts: |   |                                      |                                   |
| Futures contracts | \$ 25,140   | \$ 356,937                           | \$ 1,197,490                      |

The following table shows the average quarter-end balances of open futures contracts for the six months ended October 31, 2015:

|                                      | iShares<br>Core Dividend<br>Growth ETF | iShares<br>Core High<br>Dividend ETF | iShares<br>Select<br>Dividend ETF |
|--------------------------------------|--|--------------------------------------|-----------------------------------|
| Average value of contracts purchased | \$ 368,805                             | \$ 10,765,976                        | \$ 18,621,671                     |

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

### 6. PRINCIPAL RISKS

In the normal course of business, each Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests. The significant types of financial risks each Fund is exposed to include market risk and credit risk. Each Fund's prospectus provides details of these and other types of risk.

BFA uses a "passive" or index approach to try to achieve each Fund's investment objective following the securities included in its underlying index during upturns as well as downturns. BFA does not take steps to reduce market exposure or to lessen the effects of a declining market. Divergence from the underlying index and the composition of the portfolio is monitored by BFA.

#### MARKET RISK

Market risk arises mainly from uncertainty about future values of financial instruments influenced by price, currency and interest rate movements. It represents the potential loss each Fund may suffer through holding market positions in the face of market movements. Each Fund is exposed to market risk by virtue of its investment in equity and financial derivative instruments. The fair value of securities held by the Funds may decline due to general market conditions, economic trends or events that are not specifically related to the issuers of the securities including local, regional or global political, social or economic instability or to factors that affect a particular industry or group of industries. The extent of each Fund's exposure to market risk is the market value of the investments held as shown in the Fund's schedule of investments.

A diversified portfolio, where this is appropriate and consistent with a fund's objectives, minimizes the risk that a price change of a particular investment will have a material impact on the NAV of a fund. The investment concentrations within each Fund's portfolio are disclosed in its schedule of investments.

The iShares International Dividend ETF invests a substantial amount of its assets in securities of non-U.S. issuers that trade in non-U.S. markets. This involves certain considerations and risks not typically associated with securities of U.S. issuers. Such risks include, but are not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the expatriation of funds or other assets of the Fund; less publicly available information about issuers; the imposition of withholding or other taxes; higher transaction and custody costs; settlement delays and risk of loss attendant in settlement procedures; difficulties in enforcing contractual obligations; less regulation of securities markets; different accounting, disclosure and reporting requirements; more substantial governmental involvement in the economy; higher inflation rates; greater social, economic and political uncertainties; the risk of nationalization or expropriation of assets; and the risk of war. These risks are heightened for investments in issuers from countries with less developed markets.

#### CREDIT RISK

Credit risk is the risk that an issuer or guarantor of debt instruments or the counterparty to a financial transaction, including derivatives contracts, repurchase agreements or loans of portfolio securities, is unable or unwilling to make timely interest and/or principal payments or to otherwise honor its obligations. BFA and its affiliates manage counterparty credit risk by entering into transactions only with counterparties that they believe 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 issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of each Fund's exposure to credit and counterparty risks with respect to those financial assets is approximated by their value recorded in its statement of assets and liabilities.

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

### 7. INCOME TAX INFORMATION

Each Fund is treated as an entity separate from the Trust's other funds for federal income tax purposes. It is the policy of each Fund to qualify as a regulated investment company by complying with the provisions applicable to regulated investment companies, as defined under Subchapter M of the Internal Revenue Code of 1986, as amended, and to annually distribute substantially all of its ordinary income and any net capital gains (taking into account any capital loss carryforwards) sufficient to relieve it from all, or substantially all, federal income and excise taxes. Accordingly, no provision for federal income taxes is required.

For purposes of U.S. GAAP, in-kind redemptions are treated as sales of securities resulting in realized capital gains or losses to the Funds. Because such gains or losses are not taxable to the Funds and are not distributed to existing Fund shareholders, the gains or losses are reclassified from accumulated net realized gain (loss) to paid-in capital at the end of the Funds' tax year. These reclassifications have no effect on net assets or NAV per share.

The tax character of current year distributions will be determined at the end of the current fiscal year.

As of April 30, 2015, the Funds' fiscal year-end, the following Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| <i>iShares ETF</i>   | <i>Non-Expiring<sup>a</sup></i> | <i>Expiring 2018</i> | <i>Total</i>  |
|----------------------|---------------------------------|----------------------|---------------|
| Core Dividend Growth | \$ 95,487                       | \$ —                 | \$ 95,487     |
| Core High Dividend   | 16,586,215                      | —                    | 16,586,215    |
| Select Dividend      | —                               | 1,615,166,797        | 1,615,166,797 |

<sup>a</sup> Must be utilized prior to losses subject to expiration.

The Funds may own shares in certain foreign investment entities, referred to, under U.S. tax law, as "passive foreign investment companies." The Funds may elect to mark-to-market annually the shares of each passive foreign investment company and would be required to distribute to shareholders any such marked-to-market gains.

As of October 31, 2015, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

| <i>iShares ETF</i>            | <i>Tax Cost</i> | <i>Gross Unrealized Appreciation</i> | <i>Gross Unrealized Depreciation</i> | <i>Net Unrealized Appreciation (Depreciation)</i> |
|-------------------------------|-----------------|--------------------------------------|--------------------------------------|---|
| Core Dividend Growth          | \$ 244,005,741  | \$ 13,912,382                        | \$ (9,829,924)                       | \$ 4,082,458                                      |
| Core High Dividend            | 4,394,308,100   | 189,751,172                          | (253,585,604)                        | (63,834,432)                                      |
| International Select Dividend | 3,607,214,236   | 181,258,522                          | (747,569,481)                        | (566,310,959)                                     |
| Select Dividend               | 11,667,070,113  | 2,558,767,889                        | (727,054,993)                        | 1,831,712,896                                     |

Management has analyzed tax laws and regulations and their application to the Funds as of October 31, 2015, inclusive of the open tax return years, and does not believe there are any uncertain tax positions that require recognition of a tax liability in the Funds' financial statements.

# Notes to Financial Statements (Unaudited) (Continued)

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## **8. SUBSEQUENT EVENTS**

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