

iShares TA-25 Israel UCITS ETF (TASE)



EUROPE'S ONLY ETF PROVIDING ACCESS TO ISRAEL'S DOMESTIC EQUITY MARKET

Why iShares TA-25 Israel UCITS ETF?

- ▶ **Unique access:** TASE is the only ETF in the world that provides access to Israel's principal equity market¹.
- ▶ **Offers diversification and long-term growth potential:** the TA-25 index has a low correlation with other equity markets; in addition, Israel's GDP is forecast to grow at 2.7% (2011-2030), compared with an average of 2.3% across other OECD countries².
- ▶ **Potential for attractive returns:** since December 2009, the TA-25 index has produced an annualised USD return of 4.5%³.

Understanding the TA-25 Net USD Index

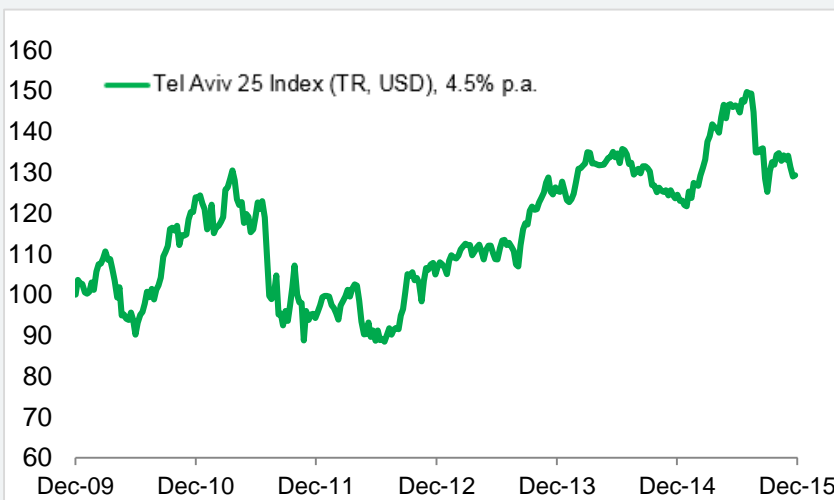
The TA-25 Net USD index ('TA-25 index') captures the performance of the 25 largest companies listed on the Tel Aviv Stock Exchange based on free-float market capitalisation. It is a total return index; the constituents are rebalanced on a semi-annual basis.

The TA-25 index incorporates an upper limit on the size of its constituents. No single company can represent more than 10% of the total index.

Diversification and long-term growth potential

TASE offers diversification for investors, recording a correlation of between 0.56 and 0.66 with other major equity markets (Figure 2). Israel also offers long-term growth potential. A 2012 OECD report forecast that Israel's GDP will grow 2.7% annually between 2011 and 2030; 0.4% faster than the average of the 34 OECD member countries².

Figure 1: Chart showing cumulative total return of TA-25 (Dec 2009 – Dec 2015): annualised return 4.5% p.a.



Note: The chart illustrates weekly observations of the cumulative total return indexes for the below exposures/indexes, rebased to a value of 100 as of 31-Dec-09. Returns are measured in U.S. dollars and net of withholding taxes on dividends paid by index constituents*.

TASE

iShares TA-25 Israel UCITS ETF

Key Facts*

| | |
|----------------------------------|--------------------------------|
| Fund name | iShares TA-25 Israel UCITS ETF |
| Ticker | TASE |
| ISIN | IE00BP3QZG05 |
| SEDOL | BP3QZG0 |
| Base currency | USD |
| Index | TA-25 NET USD |
| Total Expense Ratio (TER) | 0.60% |
| Number of holdings | 26 |

Figure 2: TA-25 index correlation with major equity market indices

| | TA-25 Index |
|--------------------------------|-------------|
| MSCI World USD | 0.68 |
| MSCI Europe Euro | 0.66 |
| S&P 500 Index | 0.66 |
| MSCI Emerging Markets USD | 0.60 |
| MSCI FM (Frontier Markets) USD | 0.57 |

Parameters: Frequency of returns - monthly, currency - index currency. Source for all data is Bloomberg, as 31 December 2015.

* Source: BlackRock and MSCI, as at 31 December 2015.

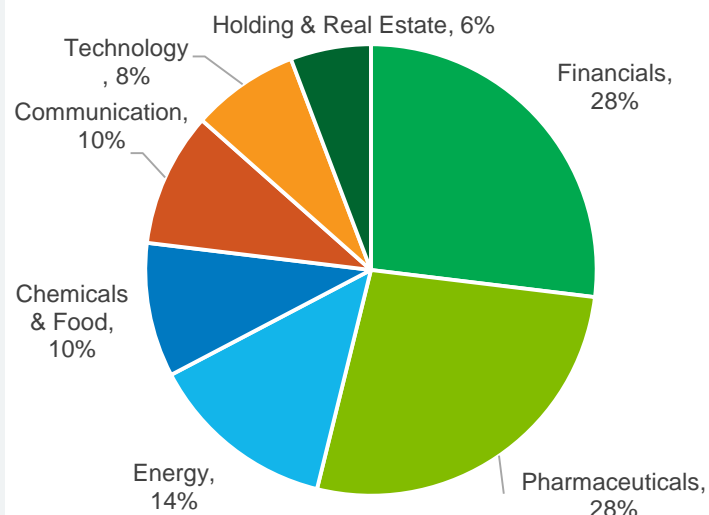
Holdings are subject to change

1 Source: Bloomberg, 31 December 2015

2 OECD 'Looking to 2060: Long-term global growth prospects, Nov 2012'

3 Not representative of any actual investment. Source: Bloomberg, 31 December 2015

Figure 3: TA-25 Index Sector Breakdown



Source: Tel Aviv Stock Exchange, as at 31 December 2015. Total may not add to 100% due to rounding.

Why use a capped index?

The market capitalisation of Teva Pharmaceutical Industries ('Teva') is nearly ten times the size of the second largest listed company in the index. In order to maintain a more balanced index profile, the TA-25 index incorporates 10% upper limit on the weight of its constituents.

If a company's market capitalisation means it breaches that limit, the remaining is proportionally allocated across the other constituents. The constituents' weights are rebalanced on a quarterly basis although reweighting may occur in the interim under two scenarios:

- i. A constituent's weight exceeds the weight cap by 50% or more (i.e. more than 15% of the total)
- ii. A newly-listed share is fast-tracked onto the index

Since October 2007, this restriction has set the effective weight of Teva at 10%, leading to a more balanced breakdown across sectors.

Figure 4: TA-25 Index Constituents

| Name | Weighting |
|--|-----------|
| Teva Pharmaceutical Industries Ltd | 10.9% |
| Perrigo Co PLC | 9.9% |
| Bank Hapoalim BM | 9.1% |
| Bank Leumi Le-Israel BM | 8.6% |
| Bezeq The Israeli Telecommunication Corp Ltd | 7.9% |
| NICE-Systems Ltd | 6.0% |
| OPKO Health Inc | 5.6% |
| Mylan NV | 4.3% |
| Frutarom Industries Ltd | 4.2% |
| Israel Chemicals Ltd | 3.9% |
| Elbit Systems Ltd | 3.7% |
| Israel Discount Bank Ltd | 3.1% |
| Isramco Negev 2 LP | 2.9% |
| Mizrahi Tefahot Bank Ltd | 2.7% |
| Ormat Technologies Inc | 2.4% |
| Paz Oil Co Ltd | 2.1% |
| Azrieli Group Ltd | 1.9% |
| Delek Group Ltd | 1.7% |
| Gazit-Globe Ltd | 1.6% |
| Avner Oil Exploration LP | 1.6% |
| Strauss Group Ltd | 1.2% |
| Israel Corp Ltd/The | 1.1% |
| Delek Drilling - LP | 1.0% |
| Melison Ltd | 1.0% |
| First International Bank Of Israel Ltd | 0.9% |
| Osem Investments Ltd | 0.8% |

Source: Bloomberg/ Tel Aviv Stock Exchange, as at 31 December 2015. Total may not add to 100% due to rounding. Data is subject to change.

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