

ISHRFIXED

iShares Fixed Income Model

Model Start Date: 7/29/2010

Model Objective

The iShares Fixed Income Model attempts to capture the strongest trends and avoid the weakest trends, staying within the universe listed below, rotating based upon changes in performance trends. It is dispersion of returns within the Model inventory that creates the opportunity for a relative strength evaluation process to identify worthwhile trends to follow, as well as those critical to avoid. The iShares Fixed Income Model inventory of funds provides a diversity of investments that is generally advantageous to trend-based tactical rotation strategies.

Relative Strength Methodology

The most adaptive tool we have found to identify the strongest trends from the weakest within an investable universe is Point & Figure Relative Strength. Our Relative Strength calculation is designed to target long term themes of outperformance, while also remaining responsive enough to allow for rotation when market trends necessitate. In short, Relative Strength attempts to minimize exposure to underperforming positions, while letting profitable positions run. Most importantly, this systematic and rules-based approach eliminates the subjective or "emotional" trades, as the calculation is derived from price data alone.

Systematic Portfolio Rules

- Over 25 Fixed Income-related iShares ETFs are considered in the ranking system. Treasuries, Corporate, International, High Yield, Inflation, Agency, and Municipal bonds are represented in the inventory, as well as Preferred Equities.
- The Portfolio stays 100% invested at all times.
- The Portfolio holds five positions in an equal weighted manner.
- To be included in the Portfolio, the ETF must have superior relative strength versus other possible inclusions to the Portfolio.
- Once a member of the Portfolio, to be replaced, the ETF must fall significantly out of favor versus the field.
- When a Position is sold, the proceeds move into the strongest relative strength ETF not currently in the Portfolio. At any position change, if any position is more than 27% or less than 13%, the Portfolio is rebalanced back to an equal weighting.

Model Inventory

SYMBOL	ETF NAME
AGG	iShares Core U.S. Aggregate Bond ETF
CIU	iShares Intermediate Credit Bond ETF
CSJ	iShares 1-3 Year Credit Bond ETF
FLOT	iShares Floating Rate Bond ETF
GNMA	iShares GNMA Bond ETF
HYG	iShares iBoxx \$ High Yield Corporate Bond ETF
IEI	iShares 3-7 Year Treasury Bond ETF
STIP	iShares 0-5 Year TIPS Bond ETF
LEMB	iShares Emerging Markets Local Currency Bond ETF
MUB	iShares National Muni Bond ETF
TLT	iShares 20+ Year Treasury Bond ETF
AGZ	iShares Agency Bond ETF
CLY	iShares 10+ Year Credit Bond ETF
EMB	iShares J.P. Morgan USD Emerging Markets Bond ETF
GBF	iShares Government/Credit Bond ETF
SUB	iShares Short-Term National Muni Bond ETF
HYXU	iShares International High Yield Bond ETF
IGOV	iShares International Treasury Bond ETF
ISHG	iShares 1-3 Year International Treasury Bond ETF
LQD	iShares iBoxx \$ Investment Grade Corporate Bond ETF
PFF	iShares U.S. Preferred Stock ETF
SHV	iShares Short Treasury Bond ETF
CEMB	iShares Emerging Markets Corporate Bond ETF
CRED	iShares Core U.S. Credit Bond ETF
EMHY	iShares Emerging Markets High Yield Bond ETF
GHYG	iShares Global High Yield Corporate Bond ETF
GVI	iShares Intermediate Government/Credit Bond ETF
IEF	iShares 7-10 Year Treasury Bond ETF
ILTB	iShares Core 10+ Year USD Bond ETF
MBB	iShares MBS ETF
TLH	iShares 10-20 Year Treasury Bond ETF
SHY	iShares 1-3 Year Treasury Bond ETF
TIP	iShares TIPS Bond ETF

DISCLOSURE

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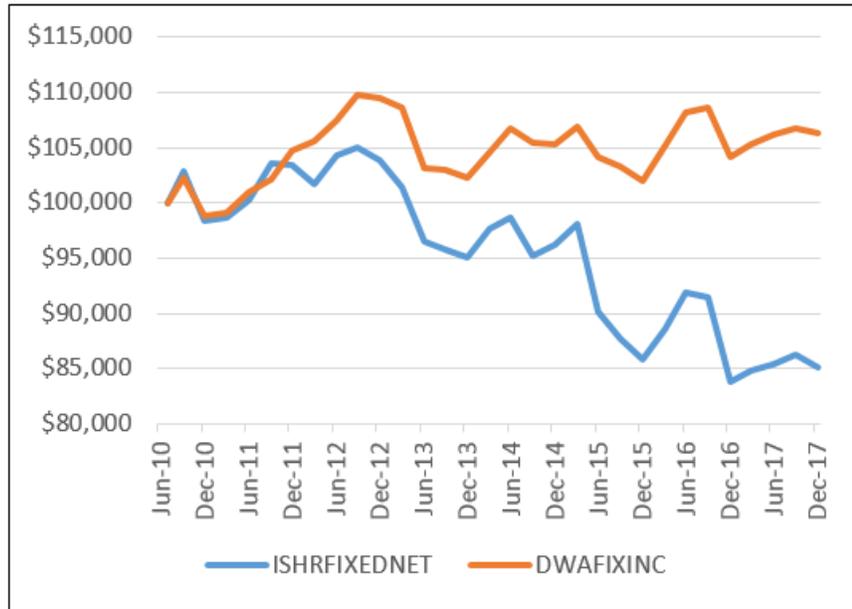
ETF Model Returns*

ISHARES FIXED INCOME MODEL

DATE	NET	GROSS	DWA FIXED INC.
2011	5.10	6.69	5.97
3/31/2012	-1.62	-1.25	0.76
6/30/2012	2.42	2.80	1.78
9/30/2012	0.71	1.09	2.18
12/31/2012	-1.02	-0.64	-0.27
2012	0.44	1.96	4.50
3/31/2013	-2.41	-2.04	-0.74
6/30/2013	-4.80	-4.44	-5.11
9/30/2013	-0.79	-0.41	-0.07
12/31/2013	-0.72	-0.35	-0.75
2013	-8.48	-7.10	-6.59
3/31/2014	2.71	3.09	2.32
6/30/2014	0.99	1.37	1.97
9/30/2014	-3.43	-3.07	-1.23
12/31/2014	1.10	1.48	-0.12
2014	1.27	2.79	2.94
3/31/2015	1.95	2.33	1.50
6/30/2015	-8.21	-7.86	-2.57
9/30/2015	-2.65	-2.28	-0.81
12/31/2015	-2.11	-1.74	-1.27
2015	-10.83	-9.47	-3.15
3/31/2016	3.22	3.62	3.21
6/30/2016	3.62	4.00	2.78
9/30/2016	-0.44	-0.07	0.41
12/30/2016	-8.38	-8.05	-4.12
2016	-2.44	-0.98	2.13
3/31/2017	1.30	1.68	1.19
6/30/2017	0.65	1.03	0.77
9/29/2017	1.02	1.40	0.53
12/29/2017	-1.30	-0.93	-0.39
2017	1.65	3.20	2.12

Hypothetical Growth of \$100k

7/29/2010 - 12/29/2017



*Model inception date is 7/29/2010. Performance data after model inception date is model data. Please see disclosures for important information on model data.

SYMBOL	DATE RANGE CUMULATIVE RETURN	ANN. 1 YEAR	ANN. 3 YEAR	ANN. 5 YEAR	CUMULATIVE	STD DEV
ISHRFIXEDNET	7/29/2010 - 12/29/2017	1.65	-4.01	-3.90	-14.85	6.73
ISHRFIXED	7/29/2010 - 12/29/2017	3.20	-2.56	-2.45	-4.70	6.75
DWAFIXINC	7/29/2010 - 12/29/2017	2.12	0.34	-0.58	6.31	3.63

**Model inception date is 7/29/2010. The Model's net numbers reflect a theoretical annual management fee of 1.5%, deducted quarterly. This is not a fee charged by Dorsey Wright. Actual management fees may vary. Investors cannot invest directly in an index like DWAFIXINC. Neither the returns for the Model nor DWAFIXINC include reinvestment of dividends. Past performance is not indicative of future results. Potential for profits is accompanied by possibility of loss.

DISCLOSURE

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