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iShares International Rotation Model

Model Start Date: 10/6/2005

Model Objective

The purpose of the iShares International Rotation Model is to identify major themes in the market, have exposure to those funds controlled by demand and eliminate exposure to those funds controlled by supply. The Model is designed to hone in on the strongest ETFs from the inventory listed above and will attempt to capture the strongest trends and avoid the weakest trends. The iShares International Rotation 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 30 international iShares ETFs are considered, including the iShares Dow Jones U.S. ETF (IYY) as the US representative.
- The Portfolio stays 100% invested at all times in five positions.
- International iShares ETFs are compared to each other to determine inclusion. The concept is based on a relative strength matrix of the Model universe.
- 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 using a replacement methodology.
- When a position within the Model either falls below 13% of the Portfolio or rises above 27% of the Portfolio, the Model will re-balance and all of the holdings will then be equally weighted.

Model Inventory

SYMBOL	ETF NAME
AAXJ	iShares MSCI All Country Asia ex Japan ETF
EEM	iShares MSCI Emerging Markets ETF
EIS	iShares MSCI Israel Capped ETF
EPP	iShares MSCI Pacific ex Japan ETF
EWA	iShares MSCI Austrailia ETF
EWG	iShares MSCI Germany ETF
EWJ	iShares MSCI Japan ETF
EWM	iShares MSCI Malaysia ETF
EWP	iShares MSCI Spain Capped ETF
EWT	iShares MSCI Taiwan ETF
EWY	iShares MSCI South Korea Capped ETF
EZU	iShares MSCI Eurozone ETF
IEV	iShares Europe ETF
JPXN	iShares JPX-Nikkei 400 ETF
TUR	iShares MSCI Turkey ETF
BKF	iShares MSCI BRIC ETF
EFA	iShares MSCI EAFE ETF
EPHE	iShares MSCI Philippines ETF
EPU	iShares MSCI All Peru Capped ETF
EWC	iShares MSCI Canada ETF
EWH	iShares MSCI Hong Kong ETF
EWK	iShares MSCI Belgium Capped ETF
EWN	iShares MSCI Netherlands ETF

SYMBOL	ETF NAME
EWQ	iShares MSCI France ETF
EWU	iShares MSCI United Kingdom ETF
EWZ	iShares MSCI Brazil Capped ETF
ILF	iShares Latin America 40 ETF
IYY	iShares Dow Jones U.S. ETF
EEMS	iShares MSCI Emerging Markets Small-Cap ETF
ENZL	iShares MSCI New Zealand Capped ETF
ECH	iShares MSCI Chile Capped ETF
EIDO	iShares MSCI Indonesia ETF
EPOL	iShares MSCI Poland Capped ETF
ERUS	iShares MSCI Russia Capped ETF
EWD	iShares MSCI Sweden ETF
EWI	iShares MSCI Italy Capped ETF
EWL	iShares MSCI Switzerland Capped ETF
EWO	iShares MSCI Austria Capped ETF
EWS	iShares MSCI Singapore ETF
EWW	iShares MSCI Mexico Capped ETF
EZA	iShares MSCI South Africa ETF
FXI	iShares China Large-Cap ETF
INDY	iShares India 50 ETF
THD	iShares MSCI Thailand Capped ETF

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Hypothetical Growth of $100k

DISCLOSURE

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