iShares®

The Power of Diversification: Broad Asset Classes

This table shows the variability of asset class performance over time. By broadly diversifying a portfolio across multiple asset classes, investors can reduce the impact that any single asset class has on performance—in effect, creating a "smoother ride." Today, investors have access to more diversification opportunities than ever before.

RANKED IN ORDER OF PERFORMANCE	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10-Year Annualized Return
BEST	Real estate & REITs 10.3%	Commodities 32.1%	Emerging mkt stocks 55.8%	Real estate & REITs 36.0%	Emerging mkt stocks 34.0%	Real estate & REITs 39.9%	Emerging mkt stocks 39.4%	Broad US fixed income 5.2%	Emerging mkt stocks 78.5%	Real estate & REITs 29.6%	Emerging mkt stocks 15.9%
	Broad US fixed income 8.4%	TIPS 16.6%	Int'l developed stocks 38.6%	Emerging mkt stocks 25.6%	Commodities 25.6%	Emerging mkt stocks 32.2%	Commodities 32.7%	Short Treasury 2.8%	Int'l developed stocks 31.8%	Emerging mkt stocks 18.9%	Real estate & REITs 10.4%
	TIPS 7.9%	Broad US fixed income 10.3%	Real estate & REITs 37.4%	Int'l developed stocks 20.2%	Real estate & REITs 15.1%	Int'l developed stocks 26.3%	TIPS 11.6%	TIPS –2.4%	US stocks 27.2%	US stocks 16.4%	TIPS 7.0%
	Short Treasury 4.9%	Real estate & REITs 3.3%	US stocks 29.6%	Commodities 17.3%	Int'l developed stocks 13.5%	US stocks 15.3%	Int'l developed stocks 11.2%	Broad diversified strategy* –23.9%	Real estate & REITs 24.9%	Broad diversified strategy* 11.5%	Broad US fixed income 5.8%
	Emerging mkt stocks –2.6%	Short Treasury 2.0%	Broad diversified strategy* 23.3%	Broad diversified strategy* 14.0%	Broad diversified strategy* 9.6%	Broad diversified strategy* 13.9%	Broad diversified strategy* 9.5%	US stocks –36.7%	Broad diversified strategy* 22.2%	Commodities 9.0%	Broad diversified strategy* 5.5%
	Broad diversified strategy* –4.3%	Broad diversified strategy* –0.9%	Commodities 20.7%	US stocks 11.8%	US stocks 5.7%	Short Treasury 4.7%	Broad US fixed income 7.0%	Real estate & REITs –40.9%	Commodities 13.5%	Int'l developed stocks 7.8%	Int'l developed stocks 3.5%
	US stocks –10.6%	Emerging mkt stocks –6.2%	TIPS 8.4%	TIPS 8.5%	Short Treasury 2.9%	Broad US fixed income 4.3%	US stocks 5.5%	Int'l developed stocks –43.4%	TIPS 11.4%	Broad US fixed income 6.5%	Short Treasury 2.6%
	Int'l developed stocks –21.4%	Int'l developed stocks –15.9%	Broad US fixed income 4.1%	Broad US fixed income 4.3%	TIPS 2.8%	TIPS 0.4%	Short Treasury 5.2%	Commodities –46.5%	Broad US fixed income 5.9%	TIPS 6.3%	US stocks 2.1%
WORST	Commodities –31.9%	US stocks –21.3%	Short Treasury 1.2%	Short Treasury 1.2%	Broad US fixed income 2.4%	Commodities –15.1%	Real estate & REITs –18.0%	Emerging mkt stocks –53.3%	Short Treasury 0.4%	Short Treasury 0.3%	Commodities 1.8%

Broad Diversified Strategy · Commodities · Int'l Developed · Short Treasury · US Stocks
Broad US Fixed Income · Emerging Market · Real Estate and REITs · TIPS

Sources: Barclays Capital, Cohen and Steers, MSCI, S&P, as of 12/31/10.

US stocks are represented by the S&P 1500 index; international developed stocks are represented by the MSCI EAFE Index; emerging market stocks are represented by the MSCI Emerging Markets Index; short-term Treasury securities are represented by the Barclays Capital US Short Treasury Bond Index; broad US fixed income is represented by the Barclays Capital US Aggregate Bond Index; Treasury Inflation-Protected Securities are represented by the Barclays Capital US Treasury Inflation-Protected Securities (TIPS) Index (Series-L); commodities are represented by the S&P GSCI® Total Return Index; real estate and REITs are represented by the Cohen & Steers Realty Majors Index.

*Broad diversified strategy consists of 20% US stocks, 20% international developed stocks, 6% emerging market stocks, 30% broad US fixed income, 8% US real estate and REITs, 6% commodities and 10% Treasury Inflation-Protected Securities. The allocations are for illustrative purposes only and should not be construed as a recommendation to purchase or sell, or an offer to sell or a solicitation of an offer to buy any security.

Index returns are for illustrative purposes only and do not represent actual iShares Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.
For actual iShares Fund performance, please visit www.iShares.com or request a prospectus by calling 1-800-iShares (1-800-474-2737).

BlackRock

Correlation

Correlation measures the similarity in historical performance between two asset classes. Asset classes that have a correlation close to 1 behave similarly, while those that have a correlation of 0 or –1 behave less similarly. Combining asset classes with low correlation can improve diversification and help lower the variability of an investment portfolio's returns.

Three-Year Correlations

	US Stocks	International Developed Stocks	Emerging Market Stocks	Short-Term Treasury Securities	Broad US Fixed Income	Treasury Inflation-Protected Securities	Commodities	Real Estate & REITs
US Stocks	1.00							
International Developed Stocks	0.93	1.00						
Emerging Market Stocks	0.87	0.95	1.00					
Short-Term Treasury Securities	–0.41	–0.42	–0.50	1.00				
Broad US Fixed Income	0.20	0.30	0.28	0.09	1.00			
Treasury Inflation-Protected Securities	0.33	0.37	0.43	–0.02	0.72	1.00		
Commodities	0.61	0.65	0.68	–0.31	–0.03	0.35	1.00	
Real Estate & REITs	0.82	0.76	0.69	–0.17	0.25	0.29	0.40	1.00

Source: BlackRock, as of 12/31/10.

US stocks are represented by the S&P 1500 index; international developed stocks are represented by the MSCI EAFE Index; emerging market stocks are represented by the MSCI Emerging Markets Index; short-term Treasury securities are represented by the Barclays Capital US Short Treasury Bond Index; broad US fixed income is represented by the Barclays Capital US Aggregate Bond Index; Treasury Inflation-Protected Securities are represented by the Barclays Capital US Treasury Inflation-Protected Securities (TIPS) Index (Series-L); commodities are represented by the S&P GSCI® Total Return Index; real estate and REITs are represented by the Cohen & Steers Realty Majors Index.

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