



ETF Landscape

Trends relating to the development of ETFs and other index products in overseas markets

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ETFs and ETPs listed globally

At the end of Q1 2011, the global ETF industry had 2,605 ETFs with 5,905 listings and assets of US\$1,399.4 Bn, from 142 providers on 48 exchanges around the world. This compares to 2,131 ETFs with 4,133 listings and assets of US\$1,081.9 Bn from 123 providers on 42 exchanges, at the end of Q1 2010.

We expect global AUM in ETFs and ETPs¹ to increase by 20–30% annually over the next three years, taking the global ETF/ETP industry to approximately US\$2 trillion in AUM by early 2012. Considering ETFs separately, AUM should reach US\$2 trillion globally by the end of 2012, US\$1 trillion in the United States in 2011 and US\$500 billion in Europe in 2013.

Taking ETFs and ETPs together, United States AUM should reach US\$2 trillion in 2013, with European AUM reaching US\$500 billion in 2012.

Anniversaries

- 29 January 2011 marked the 18th anniversary of ETFs in the United States.
- 9 March 2011 marked the 21st anniversary of the first ETF globally, which listed in Canada in 1990.
- 11 April 2011 marks the 11th anniversary of ETFs in Europe.
- 27 August 2011 will mark the 10th anniversary of ETFs in Australia.

Assets

- In Q1 2011, assets have increased by 6.7% from US\$1,311.3 Bn to US\$1,399.4 Bn, which is greater than the 4.3% increase in the MSCI World Index in US dollar terms. This compares to a 4.4% increase in assets over the same period in 2010.
- US\$17.0 Bn of net new assets went into ETFs/ETPs in March 2011². US\$9.0 Bn net inflows went into equity ETFs/ETPs, of which US\$7.1 Bn went into ETFs/ETPs tracking developed market indices and US\$1.9 Bn went into ETFs/ETPs tracking emerging market indices. Fixed income ETFs/ETPs saw net inflows of US\$4.5 Bn, of which ETFs/ETPs providing inflation linked exposure saw US\$0.9 Bn net inflows while credit spread ETFs/ETPs saw net outflows of US\$0.1 Bn. US\$3.0 Bn net inflows went into ETFs/ETPs with commodity exposure, of which ETFs/ETPs with exposure to precious metals saw US\$1.3 Bn net inflows while ETFs/ETPs providing exposure to energy experienced net outflows of US\$0.2 Bn.

1. ETPs are products that have similarities to ETFs in the way they trade and settle but they do not use an open-end investment company structure. The use of other structures including grantor trusts, partnerships, notes and commodity pools by ETPs can create different tax and regulatory implications for investors when compared to ETFs which are funds.
2. Global ETF/ETP flows are approximated by combining flows available for the US, Europe, Canada and Latin America. Product level assets for ETPs listed in Israel are not currently available. An aggregate value has been included in the total assets. Latest data for Israel ETP assets sourced from Bank of Israel, February 2011.

Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg, National Stock Exchange (NSX).

ETFs and ETPs listed globally (continued)

Assets (continued)

- US\$41.4 Bn of net new assets went into ETFs/ETPs in Q1 2011¹. US\$25.9 Bn net inflows went into equity ETFs/ETPs, of which US\$32.7 Bn went into ETFs/ETPs tracking developed market indices while ETFs/ETPs tracking emerging market indices saw net outflows of US\$6.9 Bn. Fixed income ETFs/ETPs saw net inflows of US\$7.9 Bn, of which ETFs/ETPs providing high yield exposure saw US\$2.4 Bn net inflows while Government bond ETFs/ETPs experienced net outflows of US\$1.0 Bn. US\$6.3 Bn net inflows went into ETFs/ETPs with commodity exposure, of which ETFs/ETPs with exposure to agricultural commodities saw US\$3.6 Bn net inflows while ETFs/ETPs providing exposure to precious metals saw net outflows of US\$2.0 Bn.
- After the recent disasters in Japan, the iShares MSCI Japan ETF (EWJ US) was the ETF used most to invest in Japan. For the month of March 2011, there were net inflows of US\$1.7 Bn, and US\$2.8 Bn net inflows in Q1 2011. Trading volumes increased significantly and hit an all time high on 15 March 2011 in terms of dollar volume traded (US\$3.9 billion) as well as # of shares (397 million shares).

ETFs

- In Q1 2011, the number of ETFs have increased by 5.9% with 163 new ETFs launched, while 18 ETFs have merged. This compares to a 9.4% increase in the number of ETFs over the same period in 2010, when 193 new ETFs launched, while 10 ETFs delisted.
- There are currently plans to launch 1,051 new ETFs compared to 844 at the end of Q1 2010.
- The top 100 ETFs, out of 2,605, account for 62.0% of global ETF AUM, while 1,600 ETFs have less than US\$100.0 Mn in assets, 1,285 ETFs have less than US\$50.0 Mn in assets and 451 ETFs have less than US\$10.0 Mn in assets.

Trading volume

- In Q1 2011, the ETF average daily trading volume in US dollars increased by 55.3% to US\$72.0 Bn compared to December 2010. This compares to average daily trading volume of US\$59.9 Bn in March 2010.

1. Global ETF/ETP flows are approximated by combining flows available for the US, Europe, Canada and Latin America. Product level assets for ETPs listed in Israel are not currently available. An aggregate value has been included in the total assets. Latest data for Israel ETP assets sourced from Bank of Israel, February 2011.

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ETFs and ETPs listed globally (continued)

ETF providers

- Globally, iShares is the largest ETF provider in terms of both number of products and assets, 461 ETFs and US\$609.3 Bn respectively, reflecting 43.5% market share; State Street Global Advisors is second with 118 ETFs, assets of US\$200.4 Bn, and 14.3% market share; followed by Vanguard with 66 ETFs, assets of US\$164.7 Bn and 11.8% market share; at end of Q1 2011.
- The top three ETF providers, out of 142, account for 69.6% of global ETF AUM. This compares to 71.0% out of 123 providers, at the end of Q1 2010.
- Seven new providers have entered the industry in 2011, launching their first ETFs, while 37 firms plan to launch their first ETF in the future.

Exchanges

- In Q1 2011, the number of exchanges with official listings has increased from 46 to 48.

Index providers

- MSCI ranks first in terms of AUM and number of products tracking its benchmarks with assets of US\$353.7 Bn and 410 ETFs, while Standard & Poor's (S&P) ranks second with US\$323.2 Bn and 333 ETFs, followed by Barclays Capital with US\$116.6 Bn and 87 ETFs.

Mutual funds

- Globally, net sales of mutual funds (excluding ETFs) were minus US\$29.3 Bn, while net sales of ETFs were positive US\$14.9 Bn during January 2011 according to Strategic Insight.

ETPs

- Additionally, there were 1,119 other ETPs with 1,835 listings and assets of US\$183.7 Bn from 58 providers on 23 exchanges. This compares to 718 ETPs with 1,025 listings and assets of US\$153.6 Bn from 42 providers on 18 exchanges, at the end of Q1 2010.

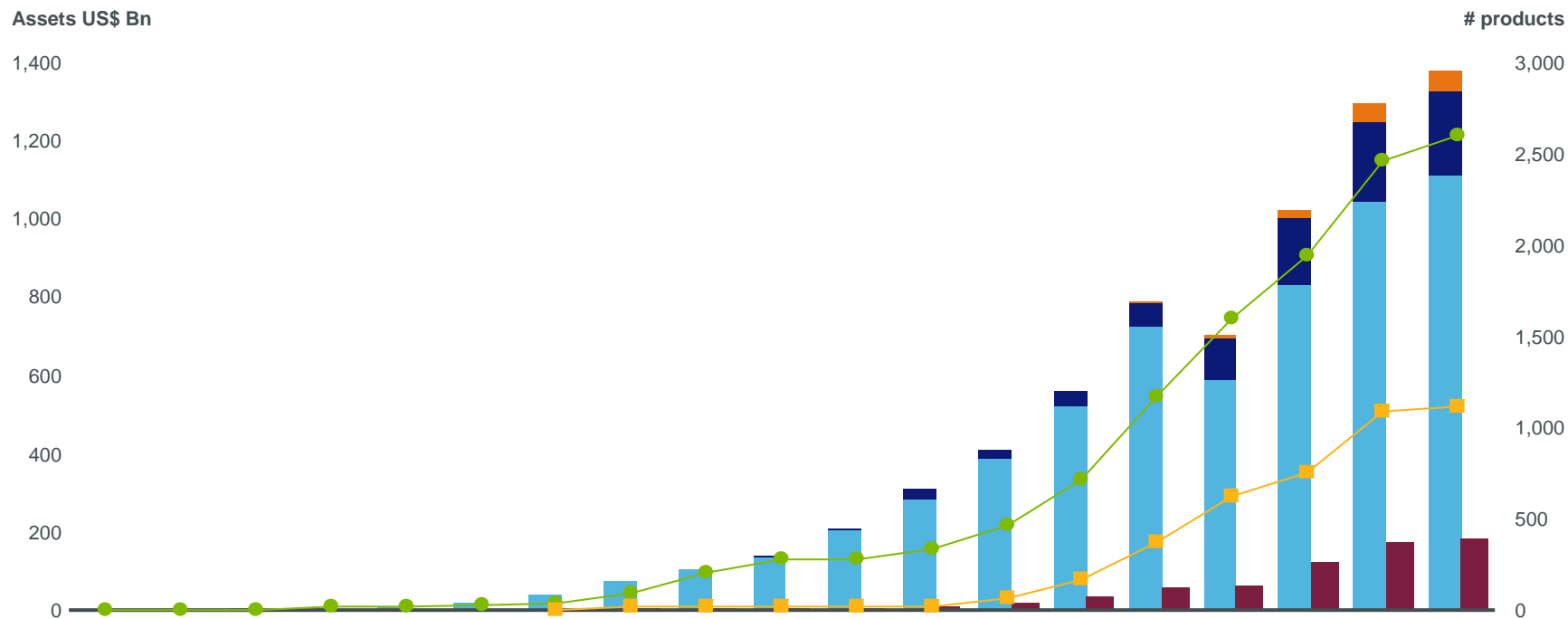
ETFs and ETPs

- Combined, there were 3,724 products with 7,740 listings, assets of US\$1,583.2 Bn from 178 providers on 52 exchanges around the world. This compares to 2,849 products with 5,158 listings, assets of US\$1,235.4 Bn from 147 providers on 44 exchanges, at the end of Q1 2010.

Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg, National Stock Exchange (NSX).

Global ETF and ETP asset growth



Assets (US\$ Bn)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Q1-11
ETF total	\$0.8	\$1.1	\$2.3	\$5.3	\$8.2	\$17.6	\$39.6	\$74.3	\$104.8	\$141.6	\$212.0	\$309.8	\$412.1	\$565.6	\$796.7	\$711.1	\$1,036.0	\$1,311.3	\$1,399.4
ETF equity	\$0.8	\$1.1	\$2.3	\$5.3	\$8.2	\$17.6	\$39.6	\$74.3	\$104.7	\$137.5	\$205.9	\$286.3	\$389.6	\$526.5	\$729.9	\$596.4	\$841.6	\$1,053.8	\$1,124.3
ETF fixed income								\$0.1	\$0.1	\$4.0	\$5.8	\$23.1	\$21.3	\$35.8	\$59.9	\$104.0	\$167.0	\$207.3	\$218.4
ETF commodity									\$0.0	\$0.1	\$0.3	\$0.5	\$1.2	\$3.4	\$6.3	\$10.0	\$25.6	\$45.7	\$51.1
ETP total							\$2.0	\$5.1	\$3.9	\$4.1	\$6.3	\$9.3	\$15.9	\$32.5	\$54.6	\$61.2	\$119.7	\$171.3	\$183.7
# ETFs	3	3	4	21	21	31	33	92	202	280	282	336	461	713	1,170	1,595	1,944	2,460	2,605
# ETPs							2	14	17	17	18	21	63	170	371	625	750	1,083	1,119

Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Top 25 ETF providers around the world: ranked by AUM

Provider	Q1-11					YTD change				
	# ETFs	AUM (US\$ Bn)	% total	ADV (US\$ Bn)	# planned	# ETFs	% ETFs	AUM (US\$ Bn)	% AUM	% market share
iShares	461	\$609.3	43.5%	\$19.4	21	-12	-2.5%	\$30.7	5.3%	-0.6%
State Street Global Advisors	118	\$200.4	14.3%	\$32.8	33	5	4.4%	\$9.7	5.1%	-0.2%
Vanguard	66	\$164.7	11.8%	\$1.8	1	1	1.5%	\$16.2	10.9%	0.4%
Lyxor Asset Management	158	\$54.5	3.9%	\$1.2	1	2	1.3%	\$1.2	2.3%	-0.2%
db x-trackers	183	\$51.8	3.7%	\$1.0	13	4	2.2%	\$2.8	5.6%	0.0%
PowerShares	131	\$47.0	3.4%	\$4.1	48	1	0.8%	\$4.2	9.8%	0.1%
ProShares	103	\$23.4	1.7%	\$3.8	98	3	3.0%	\$1.8	8.4%	0.0%
Van Eck Associates Corp	30	\$21.9	1.6%	\$0.9	36	1	3.4%	\$2.0	10.0%	0.0%
Credit Suisse Asset Management	58	\$16.6	1.2%	\$0.1	0	4	7.4%	\$0.9	5.9%	0.0%
Nomura Asset Management	32	\$15.2	1.1%	\$0.2	0	0	0.0%	-\$1.2	-7.3%	-0.2%
Zurich Cantonal Bank	7	\$12.7	0.9%	\$0.1	0	0	0.0%	\$0.9	7.4%	0.0%
Bank of New York	1	\$11.5	0.8%	\$0.5	0	0	0.0%	-\$0.7	-5.8%	-0.1%
WisdomTree Investments	46	\$11.3	0.8%	\$0.2	72	2	4.5%	\$1.4	13.9%	0.1%
UBS Global Asset Management	38	\$9.9	0.7%	\$0.1	6	9	31.0%	\$3.3	51.0%	0.2%
Commerzbank	90	\$9.2	0.7%	\$0.1	0	0	0.0%	\$0.6	7.3%	0.0%
Amundi ETF	95	\$9.1	0.7%	\$0.1	0	3	3.3%	\$2.0	27.4%	0.1%
HSBC/Hang Seng	26	\$8.2	0.6%	\$0.1	4	9	52.9%	\$0.8	10.3%	0.0%
First Trust Advisors	44	\$7.3	0.5%	\$0.1	17	1	2.3%	\$1.9	34.3%	0.1%
Direxion Shares	42	\$7.0	0.5%	\$2.9	174	3	7.7%	\$0.4	6.1%	0.0%
Nikko Asset Management	20	\$6.7	0.5%	\$0.1	0	3	17.6%	\$0.1	1.5%	0.0%
Source Markets	57	\$6.6	0.5%	\$0.4	15	1	1.8%	\$1.6	32.7%	0.1%
ETFlab Investment	40	\$6.6	0.5%	\$0.1	0	5	14.3%	-\$0.2	-3.2%	0.0%
EasyETF	49	\$6.3	0.4%	\$0.0	1	0	0.0%	\$0.7	12.6%	0.0%
Claymore Investments	30	\$6.1	0.4%	\$0.0	5	1	3.4%	\$0.6	11.8%	0.0%
Daiwa Asset Management	23	\$5.5	0.4%	\$0.0	1	0	0.0%	-\$1.4	-20.0%	-0.1%

Note: Data as at end Q1 2011. ADV –Average Daily Volume.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Global ETF/ETP net new assets by type of exposure

Exposure	Mar-11					YTD-11 NNA (US\$ Mn)	2010 NNA (US\$ Mn)	2009 NNA (US\$ Mn)
	# ETFs /ETPs	# total listings	ADV (US\$ Mn)	Assets (US\$ Mn)	NNA (US\$ Mn)			
Equity	2,233	4,822	68,809.7	1,134,373.2	8,992.6	25,845.8	105,240.5	69,352.6
Developed markets	1,731	3,780	60,422.3	897,282.9	7,110.2	32,712.7	64,786.3	33,845.6
North America	687	1,152	53,623.8	581,835.1	1,441.1	18,560.6	42,552.3	3,456.3
Broad	10	22	20.1	2,248.1	53.1	143.8	669.5	119.9
Canada	51	84	689.3	31,696.8	2,671.8	3,318.5	1,803.7	1,179.3
United States	381	698	42,497.6	422,274.8	(4,285.2)	7,441.0	29,582.8	(10,905.7)
United States sectors	245	348	10,416.8	125,615.4	3,001.4	7,657.4	10,496.4	13,062.8
Consumer goods/services	29	42	1,332.1	10,594.9	918.3	(198.0)	2,283.4	199.8
Energy	38	54	2,583.1	29,907.0	727.8	4,657.4	2,662.8	1,065.2
Financials	34	51	2,759.0	19,591.8	125.7	(163.3)	1,334.6	1,411.6
Healthcare	25	33	340.0	8,936.8	457.5	135.3	(582.1)	(400.8)
Industrials	17	26	744.5	6,469.1	252.2	232.9	1,035.2	914.1
Materials	13	20	937.7	7,106.0	(76.9)	174.8	859.8	1,206.2
Other	13	15	17.4	3,057.5	71.3	100.0	16.6	(70.2)
Real estate	23	39	622.5	17,501.6	165.4	805.4	1,157.1	4,450.2
Technology	34	41	837.1	15,912.5	74.9	1,866.2	1,401.1	2,622.2
Telecommunications	7	10	10.2	1,160.3	22.6	(91.9)	88.6	137.6
Utilities	12	17	233.2	5,377.9	262.8	138.7	239.3	1,526.9

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Note: Global ETF/ETP flows are approximated by combining flows available for the United States, Europe, Canada and Latin America. Product level assets for ETPs listed in Israel are not currently available. An aggregate value has been included in the total assets. Latest data for Israel ETP assets sourced from Bank of Israel, February 2011.

NNA – Net New Assets. ADV – Average Daily Volume. Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg, National Stock Exchange (NSX).

Global ETF/ETP net new assets by type of exposure (continued)

Exposure	Mar-11					YTD-11 NNA (US\$ Mn)	2010 NNA (US\$ Mn)	2009 NNA (US\$ Mn)
	# ETFs /ETPs	# total listings	ADV (US\$ Mn)	Assets (US\$ Mn)	NNA (US\$ Mn)			
Europe	515	1,539	3,270.0	134,975.7	2,096.9	5,636.5	8,683.0	19,714.7
Broad	174	621	874.4	58,389.0	(1,142.8)	(1,218.4)	1,770.7	9,548.9
Country	177	441	1,890.8	61,138.2	4,062.1	5,510.5	6,588.5	6,776.6
Sectors	164	477	504.8	15,448.5	(822.4)	1,344.4	323.8	3,389.2
STOXX 600 sectors	97	285	449.3	10,697.7	(1,012.9)	442.3	(119.9)	2,525.1
Automobiles and parts	5	12	38.0	271.7	(91.7)	(130.9)	75.7	116.6
Banks	6	22	57.0	1,881.0	(113.6)	469.8	78.0	254.8
Basic resources	6	21	70.3	1,340.1	(98.9)	(25.0)	(223.1)	402.5
Chemicals	4	11	11.8	172.2	(7.2)	(115.8)	18.2	33.5
Construction and materials	5	12	10.1	345.8	52.0	63.3	89.1	(0.7)
Financial services	4	11	1.6	221.5	8.7	126.2	3.4	(35.6)
Food and beverage	5	15	8.6	342.6	(26.6)	(50.6)	(179.2)	261.4
Healthcare	6	18	15.8	897.9	42.4	14.0	(121.4)	143.2
Industrial goods and services	5	15	46.5	471.1	(133.7)	(151.6)	25.9	132.1
Insurance	6	16	46.4	666.7	(244.5)	10.0	(72.2)	197.2
Media	5	12	2.5	148.7	(4.9)	(22.2)	15.3	(14.3)
Oil and gas	7	25	39.7	1,549.0	67.2	434.5	11.0	329.0
Personal and household goods	4	11	5.9	245.5	(97.7)	(85.5)	122.7	(20.7)
Real estate	2	6	1.2	83.7	15.0	15.0	(21.8)	43.4
Retail	4	11	28.1	154.0	(22.8)	(102.5)	78.2	(23.0)
Technology	6	16	10.1	297.2	(136.4)	40.2	(1.7)	(10.0)
Telecommunications	6	18	26.3	886.6	90.0	129.6	(153.6)	406.9
Travel and leisure	4	11	5.1	99.9	(20.3)	(43.1)	41.1	2.1
Utilities	7	22	24.1	622.4	(289.7)	(133.1)	94.8	306.7
Other sectors	67	192	55.5	4,750.8	190.4	902.1	443.7	864.1
Asia Pacific	212	459	1,829.6	81,836.5	1,801.9	2,459.2	4,913.3	4,488.5
Israel	87	89	98.6	127.0	-	(19.7)	(28.3)	22.5
Global	155	447	260.8	29,160.8	524.1	2,434.1	3,929.5	5,469.4
Global (ex-US)	75	94	1,339.4	69,347.8	1,246.3	3,642.1	4,736.5	694.2

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Global ETF/ETP net new assets by type of exposure (continued)

Exposure	Mar-11					YTD-11 NNA (US\$ Mn)	2010 NNA (US\$ Mn)	2009 NNA (US\$ Mn)
	# ETFs /ETPs	# total listings	ADV (US\$ Mn)	Assets (US\$ Mn)	NNA (US\$ Mn)			
Emerging markets	502	1,042	8,387.5	237,090.3	1,882.4	(6,866.9)	40,454.2	35,507.0
Broad	73	180	4,181.8	114,361.3	689.1	(9,590.6)	32,957.4	20,349.8
Global emerging markets	35	98	4,088.3	104,277.1	787.6	(8,814.1)	28,767.6	17,883.3
Frontier	3	9	3.8	375.3	3.7	17.6	285.4	9.4
Sector	10	17	7.9	916.7	23.5	136.8	426.0	204.2
Other	25	56	81.8	8,792.1	(125.7)	(930.9)	3,478.3	2,252.9
Regional	47	154	173.1	9,143.5	(185.8)	(516.2)	1,451.2	2,183.4
Asia emerging markets	7	26	38.8	2,200.2	(79.9)	1.3	621.9	467.7
Eastern Europe	13	57	25.2	1,867.9	53.4	228.9	309.5	276.9
Middle East and Africa	10	22	5.1	615.6	(33.9)	17.8	284.2	36.7
Latin America	17	49	104.1	4,459.8	(125.5)	(764.2)	235.6	1,402.1
Country	382	708	4,032.6	113,585.5	1,379.1	3,239.9	6,045.7	12,973.8
Argentina	1	1	0.2	3.8	3.8	3.8	-	-
Brazil	35	78	998.4	20,436.3	42.0	826.4	2,647.0	3,240.6
Chile	2	9	20.4	901.2	(57.1)	(52.1)	528.1	50.1
China	106	161	1,359.1	40,013.1	607.0	(659.4)	(1,140.6)	3,053.4
Colombia	2	3	1.9	137.3	2.0	(25.4)	158.2	5.3
Egypt	1	1	2.8	60.6	33.8	51.3	(0.2)	(5.2)
Hungary	1	1	0.0	19.1	-	(0.4)	(0.6)	(0.3)
India	47	84	145.1	8,418.3	(170.3)	(202.4)	1,745.0	1,390.9
Indonesia	5	11	16.2	791.2	(16.1)	408.7	600.7	167.5
Kuwait	1	2	0.0	48.8	-	-	14.6	14.5
Malaysia	6	14	23.2	1,317.6	(32.7)	(83.5)	324.8	71.1
Mexico	18	31	308.8	8,506.2	(312.8)	124.9	(2,961.8)	1,446.1
Peru	1	3	17.8	552.4	(87.0)	64.7	299.8	96.3
Philippines	1	1	1.2	27.3	3.3	11.2	16.0	-
Poland	4	7	3.4	284.0	(1.7)	29.5	209.8	7.3
Russia	14	47	285.7	8,197.7	1,302.3	2,346.9	1,911.7	552.9
Saudi Arabia	2	2	0.3	25.7	-	-	-	-
South Africa	28	47	29.9	2,995.9	(21.9)	(45.0)	123.1	82.7
South Korea	61	93	516.5	11,334.3	148.6	466.1	825.7	922.9
Taiwan	24	61	220.3	6,798.8	(95.1)	159.4	(396.2)	1,231.4
Thailand	5	8	20.1	701.4	(25.5)	(114.1)	280.0	169.2
Turkey	14	30	52.2	1,361.9	24.6	(209.3)	516.6	318.0
UAE	1	1	0.0	4.5	-	-	(13.2)	7.2
Vietnam	2	12	9.0	648.3	31.9	138.5	357.2	151.8

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Exposure	Mar-11					YTD-11 NNA (US\$ Mn)	2010 NNA (US\$ Mn)	2009 NNA (US\$ Mn)
	# ETFs /ETPs	# total listings	ADV (US\$ Mn)	Assets (US\$ Mn)	NNA (US\$ Mn)			
Fixed income	512	1,066	3,092.9	218,751.1	4,471.2	7,852.6	40,054.1	54,520.5
Active	13	13	23.5	1,940.1	476.7	712.3	1,119.6	61.8
Broad/aggregate	9	15	128.3	21,095.2	162.3	80.7	2,831.3	4,967.3
Convertible	1	1	9.1	775.6	58.3	219.6	271.7	212.0
Corporate	72	119	287.0	41,388.1	821.2	1,774.9	7,943.2	15,329.0
Covered	8	26	5.3	1,079.8	(17.1)	10.9	360.3	438.4
Credit spreads	13	35	9.7	882.6	(63.8)	(58.7)	(25.3)	(291.1)
Emerging markets	32	45	66.0	7,843.4	214.2	398.8	3,317.6	1,808.7
Government	286	612	1,898.8	75,486.7	305.6	(992.1)	14,828.1	14,894.4
Govt/corp	12	18	62.5	9,425.0	265.0	530.7	2,726.2	3,354.2
High yield	16	29	250.4	17,886.1	511.4	2,431.8	6,469.7	4,429.4
Inflation	24	72	159.5	27,681.0	930.4	1,260.9	738.1	12,496.8
Money market	22	73	172.9	9,057.2	690.9	1,271.9	(1,026.9)	(4,485.6)
Mortgage	4	8	20.0	4,210.3	116.2	210.9	500.6	1,305.2
Commodities	730	1,436	6,474.2	200,345.2	3,004.9	6,276.9	21,542.5	47,023.2
Broad	113	227	412.3	26,285.2	794.5	3,103.9	2,536.3	7,944.0
Alternative	2	3	0.5	4.9	0.2	(0.8)	(0.9)	30.3
Agriculture	141	299	319.4	16,009.3	630.2	3,558.9	(49.4)	4,005.1
Energy	146	281	1,529.4	14,560.1	(231.3)	520.5	(1,000.6)	7,890.1
Industrial metals	107	192	107.5	5,423.3	496.5	1,085.5	787.8	1,141.5
Livestock	25	55	6.1	262.6	(16.5)	45.4	(22.4)	48.3
Precious metals	196	379	4,099.0	137,799.9	1,331.3	(2,036.5)	19,291.7	25,963.8
Currency	140	282	430.6	7,251.2	211.7	545.5	(1,835.2)	4,345.6
Alternative	40	63	886.1	4,717.3	141.8	621.0	4,417.7	2,200.0
Mixed	69	71	22.1	1,493.3	130.0	294.6	502.5	167.2
Total	3,724	7,740	79,715.6	1,583,156.9	16,952.3	41,436.4	169,922.2	177,609.1

Note: Global ETF/ETP flows are approximated by combining flows available for the United States, Europe, Canada and Latin America. Product level assets for ETPs listed in Israel are not currently available. An aggregate value has been included in the total assets. Latest data for Israel ETP assets sourced from Bank of Israel, February 2011.

NNA – Net New Assets. ADV – Average Daily Volume. Data as at end Q1 2011.

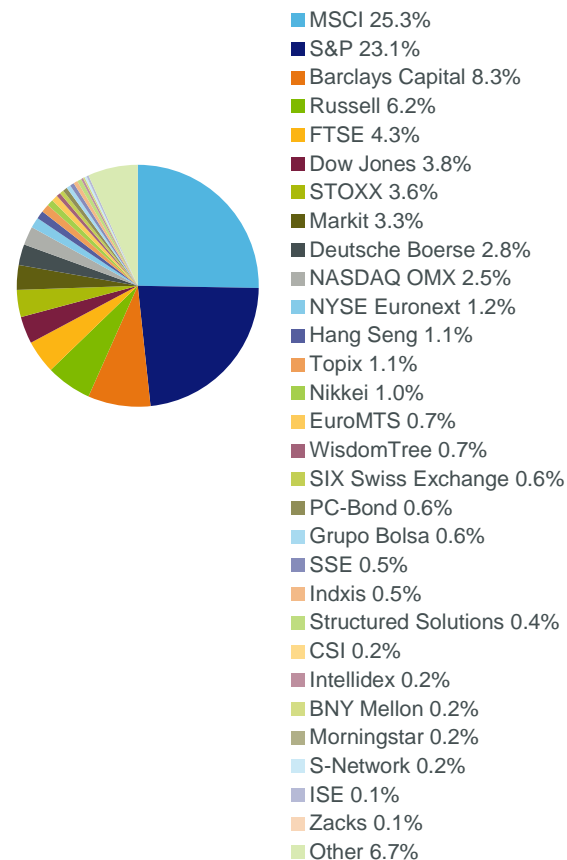
Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg, National Stock Exchange (NSX).

Index providers worldwide: ranked by AUM

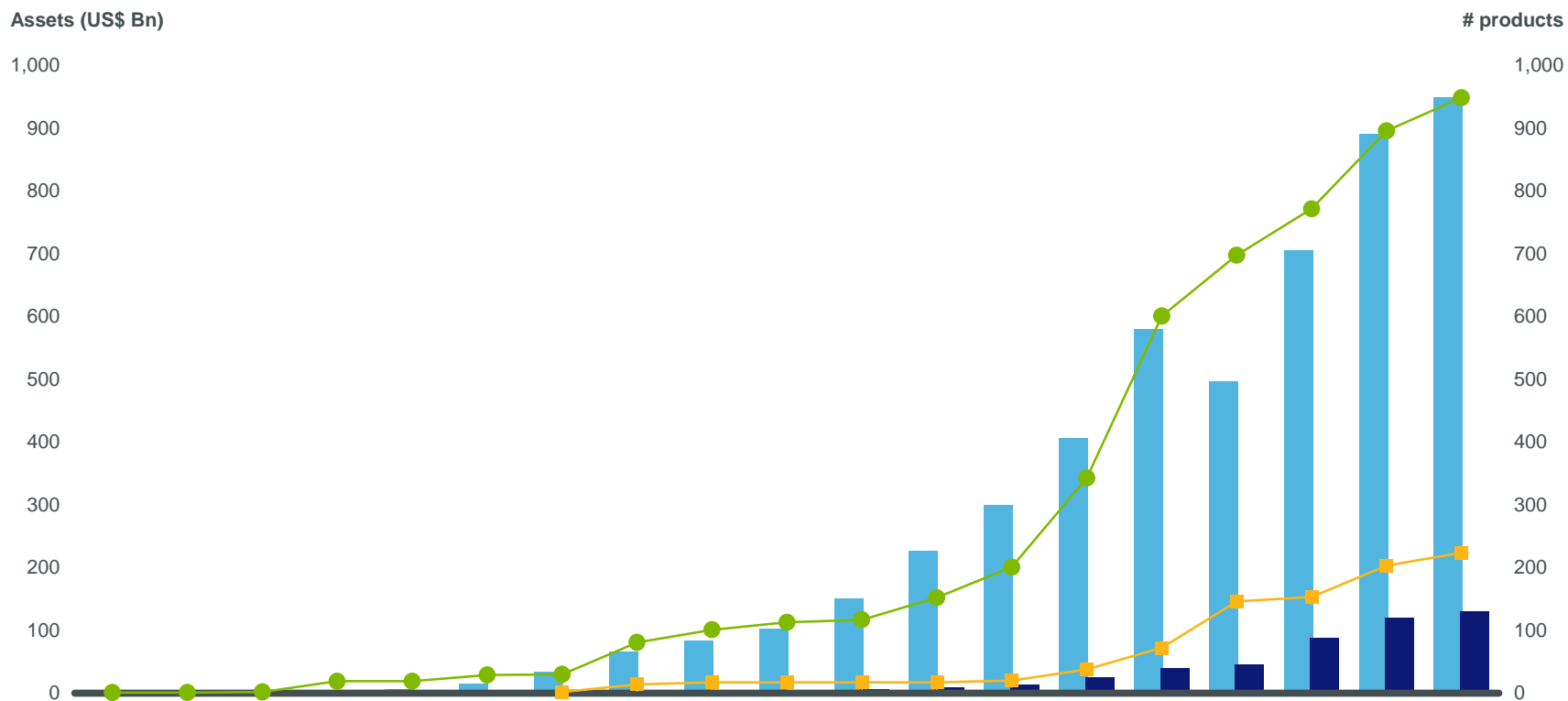
Index provider	Q1-11				YTD change		
	# ETFs	AUM (US\$ Bn)	% total	ADV (US\$ Bn)	# ETFs	AUM (US\$ Bn)	% AUM
MSCI	410	\$353.7	25.3%	\$9.7	20	\$15.8	4.7%
S&P	333	\$323.2	23.1%	\$35.4	18	\$22.1	7.3%
Barclays Capital	87	\$116.6	8.3%	\$2.2	3	\$5.4	4.8%
Russell	74	\$86.5	6.2%	\$8.8	4	\$6.0	7.4%
FTSE	169	\$59.7	4.3%	\$1.5	8	\$4.8	8.7%
Dow Jones	146	\$52.7	3.8%	\$2.5	8	\$5.1	10.8%
STOXX	207	\$50.1	3.6%	\$1.1	-14	\$1.4	2.8%
Markit	119	\$46.7	3.3%	\$0.3	7	\$1.5	3.4%
Deutsche Boerse	50	\$39.2	2.8%	\$1.0	5	\$7.2	22.4%
NASDAQ OMX	66	\$35.1	2.5%	\$5.0	5	\$3.4	10.6%
NYSE Euronext	45	\$16.5	1.2%	\$0.8	4	-\$0.1	-0.8%
Hang Seng	13	\$15.8	1.1%	\$0.1	0	\$0.5	3.4%
Topix	54	\$15.3	1.1%	\$0.1	1	-\$1.2	-7.5%
Nikkei	10	\$13.6	1.0%	\$0.2	1	-\$1.1	-7.2%
EuroMTS	29	\$9.9	0.7%	\$0.1	0	\$0.4	4.4%
WisdomTree	35	\$9.3	0.7%	\$0.1	0	\$0.8	9.8%
SIX Swiss Exchange	17	\$8.8	0.6%	\$0.0	0	-\$0.2	-2.0%
PC-Bond	18	\$8.0	0.6%	\$0.0	0	\$0.4	4.7%
Grupo Bolsa	13	\$7.7	0.6%	\$0.2	0	\$0.1	0.9%
SSE	19	\$7.4	0.5%	\$0.2	5	\$0.9	14.0%
Indxis	6	\$7.1	0.5%	\$0.0	0	\$1.3	23.1%
Structured Solutions	29	\$6.3	0.4%	\$0.2	4	\$0.5	9.2%
CSI	32	\$3.4	0.2%	\$0.1	1	-\$0.1	-3.4%
Intellidex	36	\$3.3	0.2%	\$0.0	0	\$0.4	14.7%
BNY Mellon	18	\$2.3	0.2%	\$0.0	0	-\$0.4	-14.2%
Morningstar	26	\$2.2	0.2%	\$0.0	16	\$0.3	15.8%
S-Network	15	\$2.2	0.2%	\$0.0	0	\$0.5	28.8%
ISE	10	\$1.8	0.1%	\$0.0	0	\$0.7	67.3%
Zacks	11	\$1.0	0.1%	\$0.0	0	\$0.1	17.1%
Other	508	\$94.2	6.7%	\$1.8	49	\$11.5	13.9%
Total	2,605	\$1,399.4	100.0%	\$72.0	145	\$88.1	6.7%

Note: Data as at end Q1 2011. ADV –Average Daily Volume

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.



United States ETF and ETP asset growth



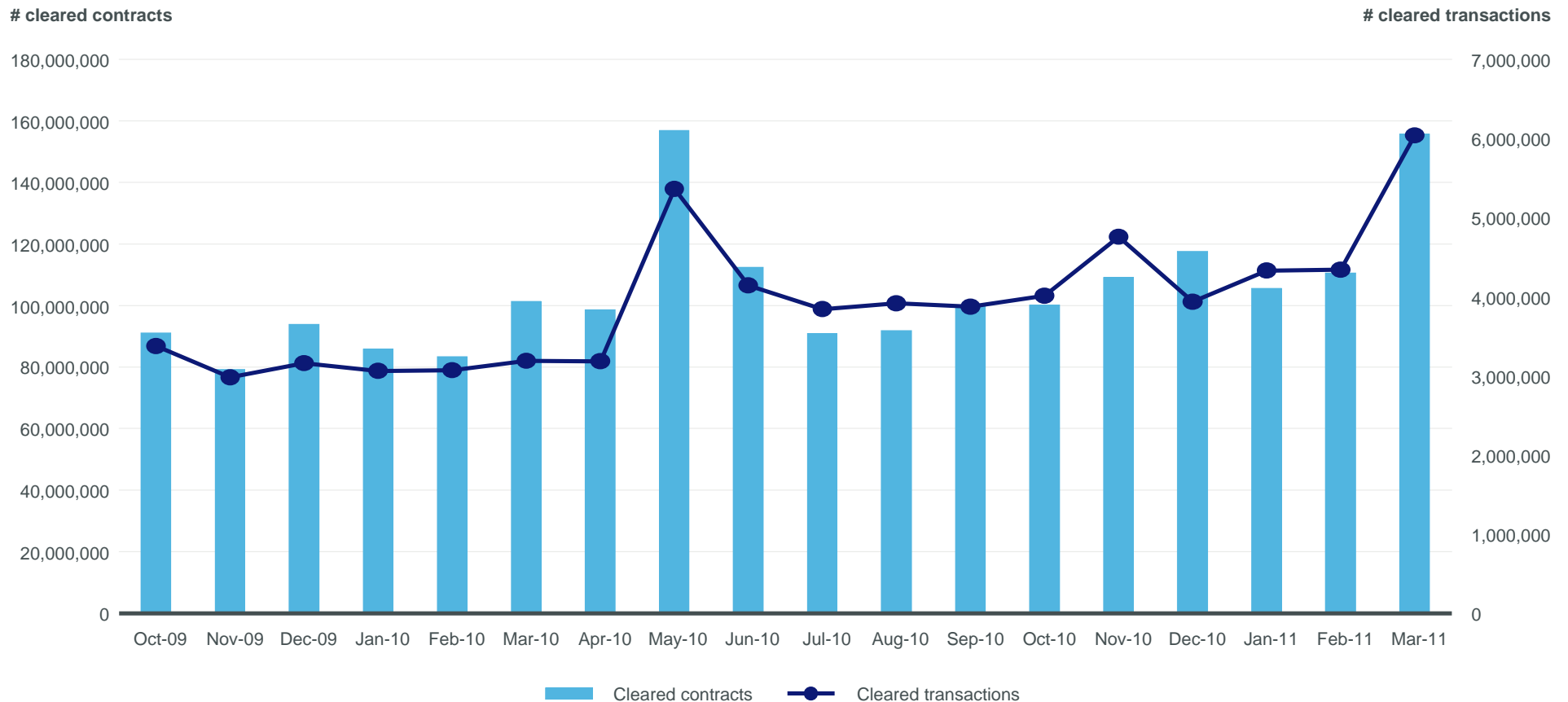
Assets (US\$ Bn)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Q1-11
ETF assets	\$0.5	\$0.4	\$1.1	\$2.4	\$6.7	\$15.6	\$33.9	\$65.6	\$84.6	\$102.3	\$150.7	\$227.7	\$299.4	\$406.8	\$580.7	\$497.1	\$705.5	\$891.0	\$950.0
ETP assets							\$2.0	\$5.0	\$3.8	\$4.0	\$6.1	\$8.9	\$14.4	\$25.9	\$40.5	\$45.3	\$88.1	\$120.8	\$129.8
# ETFs	1	1	2	19	19	29	30	81	101	113	117	152	201	343	601	698	772	896	949
# ETPs							2	14	17	17	17	17	20	38	72	146	153	203	224

Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

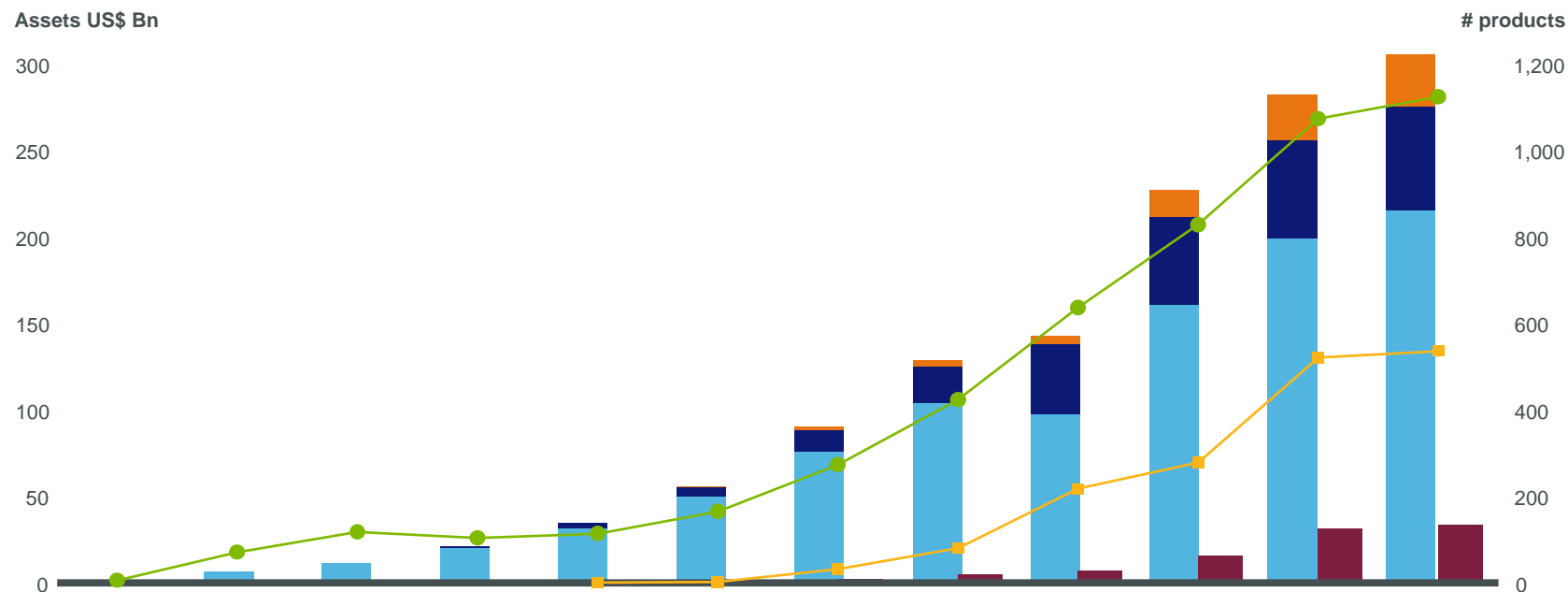
United States options on ETFs/ETPs

- At the end of Q1 2011, there were 391 options on ETFs/ETPs in the United States, which means that 33% of United States listed ETFs/ETPs had options.
- Options on ETFs offer strategies for managing the risk or expanding the opportunities for profit. Because ETFs are traded like stocks, ETF options are very similar to stock options. Just as stock options settle in shares of stock, ETF options settle in ETFs.



Note: Data as at end Q1 2011.
 Source: The Options Clearing Corporation (The OCC), Global ETF Research and Implementation Strategy Team, BlackRock.

European ETF and ETP asset growth



Assets (US\$ Bn)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Q1-11
ETF total	\$0.7	\$5.7	\$10.7	\$20.4	\$34.0	\$54.9	\$89.7	\$128.5	\$142.7	\$226.9	\$284.0	\$307.5
ETF equity	\$0.7	\$5.7	\$10.7	\$19.4	\$31.0	\$49.3	\$75.7	\$103.5	\$96.6	\$159.8	\$198.5	\$214.7
ETF fixed income				\$1.0	\$2.9	\$5.2	\$12.1	\$21.0	\$41.1	\$51.6	\$57.1	\$60.3
ETF commodity						\$0.4	\$2.0	\$3.3	\$4.9	\$15.2	\$26.4	\$29.9
ETP total					\$0.7	\$1.1	\$2.1	\$4.9	\$6.9	\$15.7	\$31.3	\$33.4
# ETFs	6	71	118	104	114	165	273	423	636	827	1,072	1,122
# ETPs					1	2	32	80	218	281	521	535

Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

ETF providers in Europe: ranked by AUM

Provider	Q1-11						Mar-11 NNA (US\$ Bn)	Q1 NNA (US\$ Bn)	YTD change				
	# ETFs	# total listings	AUM (US\$ Bn)	% total	ADV (US\$ Bn)	# planned			# ETFs	% ETFs	AUM (US\$ Bn)	% assets	% market share
iShares	167	734	\$109.6	35.7%	\$1.6	1	\$1.3	\$4.2	-14	-7.7%	\$7.9	7.7%	-0.2%
Lyxor Asset Management	156	641	\$53.7	17.5%	\$1.2	0	-\$0.3	-\$1.5	2	1.3%	\$1.3	2.5%	-1.0%
db x-trackers	156	650	\$50.6	16.4%	\$1.0	11	\$0.5	\$0.5	4	2.6%	\$2.7	5.6%	-0.4%
Credit Suisse Asset Management	58	298	\$16.6	5.4%	\$0.1	0	\$0.1	\$0.5	4	7.4%	\$0.9	5.9%	-0.1%
Zurich Cantonal Bank	7	12	\$12.7	4.1%	\$0.1	0	\$0.1	\$0.1	0	0.0%	\$0.9	7.4%	0.0%
UBS Global Asset Management	38	153	\$9.9	3.2%	\$0.1	6	\$2.0	\$2.8	9	31.0%	\$3.3	51.0%	0.9%
Commerzbank	90	364	\$9.2	3.0%	\$0.1	0	\$0.0	\$0.2	0	0.0%	\$0.6	7.3%	0.0%
Amundi ETF	95	283	\$9.1	3.0%	\$0.1	0	\$0.6	\$1.5	3	3.3%	\$2.0	27.4%	0.4%
Source Markets	57	57	\$6.6	2.1%	\$0.4	15	\$0.1	\$1.2	1	1.8%	\$1.6	32.7%	0.4%
ETFlab Investment	40	76	\$6.6	2.1%	\$0.1	0	-\$0.2	-\$0.6	5	14.3%	-\$0.2	-3.2%	-0.3%
EasyETF	49	74	\$6.3	2.0%	\$0.0	0	\$0.0	\$0.2	0	0.0%	\$0.7	12.6%	0.1%
Swiss & Global Asset Management	16	32	\$4.7	1.5%	\$0.0	0	\$0.1	\$0.2	0	0.0%	\$0.5	10.9%	0.0%
XACT Fonder	24	52	\$3.2	1.0%	\$0.2	0	-\$0.2	-\$0.2	3	14.3%	\$0.0	-0.1%	-0.1%
RBS	22	89	\$1.7	0.5%	\$0.0	0	-\$0.1	\$0.2	12	120.0%	\$0.3	19.9%	0.1%
PowerShares	19	66	\$1.4	0.5%	\$0.0	1	\$0.0	\$0.1	0	0.0%	\$0.2	13.2%	0.0%
BBVA Asset Management	10	10	\$1.2	0.4%	\$0.0	0	\$0.0	\$0.0	2	25.0%	\$0.1	9.7%	0.0%
State Street Global Advisors	13	50	\$1.2	0.4%	\$0.0	0	\$0.0	\$0.0	0	0.0%	\$0.1	9.4%	0.0%
HSBC/Hang Seng	22	63	\$0.9	0.3%	\$0.0	3	\$0.1	\$0.3	9	69.2%	\$0.3	49.6%	0.1%
ETF Securities	30	112	\$0.9	0.3%	\$0.0	0	\$0.0	\$0.1	4	15.4%	\$0.1	17.7%	0.0%
Marshall Wace LLP	3	4	\$0.4	0.1%	\$0.0	0	\$0.0	\$0.0	0	0.0%	\$0.0	6.4%	0.0%
DnB NOR Asset Management	3	8	\$0.3	0.1%	\$0.0	0	\$0.0	\$0.0	0	0.0%	\$0.0	4.9%	0.0%
Seligson & Co Fund Management	1	1	\$0.3	0.1%	\$0.0	0	\$0.0	\$0.0	0	0.0%	\$0.0	-0.5%	0.0%
Finans Portfoy Yonetimi	7	7	\$0.1	0.0%	\$0.0	0	\$0.0	\$0.0	0	0.0%	\$0.0	1.4%	0.0%
JP Morgan Mansart Investments	6	12	\$0.1	0.0%	\$0.0	0	\$0.0	\$0.0	0	0.0%	\$0.0	-2.3%	0.0%

Note: Data as at end Q1 2011. ADV –Average Daily Volume

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

continued...

STOXX 600 Sector ETF net flows: week ending 1 April 2011

- The week ending 1 April saw US\$237.2 Mn net outflows from STOXX Europe 600 sector ETFs.
- The largest sector ETF net outflows last week were in insurance with US\$111.5 Mn followed by banks with US\$77.1 Mn net outflows while basic resources experienced net inflows of US\$152.6 Mn.
- YTD, STOXX Europe 600 sector ETFs have seen US\$418.1 Mn net inflows.
- Banks has seen the largest net inflows with US\$438.0 Mn, followed by oil and gas with US\$430.5 Mn net inflows while industrial goods and services experienced the largest net outflows with US\$163.8 Mn .

Sector	Ticker	Index		US\$ total return performance				Futures open interest (US\$ Mn)	ETF AUM (US\$ Mn)		ETF 5-day ADV (US\$ Mn)	Weekly ETF net flows (US\$ Mn)	MTD ETF net flows (US\$ Mn)	YTD ETF net flows (US\$ Mn)
		# stocks	% weight	Weekly	Rank	YTD	Rank		01-Apr-11	YTD % change				
Automobiles and parts	SXAR	14	2.4%	4.5%	2	7.3%	13	251.2	263.6	-32.2%	0.7	-21.1	-15.5	-146.4
Banks	SX7R	51	14.1%	0.2%	19	11.3%	7	712.7	1,858.5	43.7%	14.2	-77.1	-31.8	438.0
Basic resources	SXPR	31	5.6%	4.3%	3	2.6%	16	455.1	1,421.4	4.7%	17.2	152.6	62.9	38.0
Chemicals	SX4R	23	4.5%	4.6%	1	8.0%	12	52.5	165.3	-40.1%	1.4	-21.1	-10.3	-126.1
Construction and materials	SXOR	24	2.8%	2.9%	8	12.2%	6	62.9	378.2	40.6%	0.9	72.2	8.5	71.7
Financial services	SXFR	31	1.6%	2.1%	12	9.2%	10	27.3	223.6	149.2%	1.7	0.0	0.0	126.2
Food and beverage	SX3R	28	6.9%	2.1%	13	2.5%	17	249.7	331.3	-14.4%	1.4	-40.9	-13.7	-64.3
Healthcare	SXDR	34	9.0%	1.7%	16	4.7%	14	363.3	898.3	5.8%	4.8	44.5	-5.9	8.1
Industrial goods and services	SXNR	95	10.4%	4.0%	5	10.2%	8	490.6	436.7	-21.9%	2.7	-64.3	-12.2	-163.8
Insurance	SXIR	32	5.8%	2.8%	9	19.4%	1	524.5	681.4	22.5%	3.2	-111.5	-1.1	9.0
Media	SXMR	30	2.4%	4.2%	4	8.9%	11	130.2	142.4	-8.9%	2.1	-6.4	-5.1	-27.3
Oil and gas	SXER	33	9.4%	2.0%	14	14.6%	2	826.7	1,569.3	61.2%	10.4	-71.7	-4.0	430.5
Personal and household goods	SXQR	28	5.1%	3.6%	6	4.0%	15	147.5	256.0	-21.9%	0.5	-27.7	4.5	-81.0
Real estate	SX86R	21	1.2%	1.9%	15	12.2%	4	16.3	88.7	44.3%	0.5	4.4	4.4	19.4
Retail	SXRR	25	3.2%	0.7%	18	1.1%	18	162.6	154.5	-39.1%	1.2	-19.7	-2.7	-105.2
Technology	SX8R	26	3.4%	2.7%	10	13.4%	3	281.4	278.5	32.3%	1.3	-33.4	-5.6	34.5
Telecommunications	SXKR	21	5.7%	2.4%	11	12.2%	5	305.7	916.2	33.2%	3.9	24.4	11.3	140.9
Travel and leisure	SXTR	21	1.2%	1.3%	17	0.1%	19	58.6	101.2	-29.1%	0.4	0.2	1.5	-41.6
Utilities	SX6R	32	5.5%	3.1%	7	9.7%	9	265.4	614.0	-12.5%	2.7	-40.7	-9.4	-142.5
Total		600	100.0%	2.5%		9.1%		5,384.2	10,779.0	13.0%	71.2	-237.2	-24.2	418.1

Note: Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Index YTD returns reflect US dollar total return performance from 30 December 2010 to 1 April 2011. ADV –Average Daily Volume

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Average expenses of ETFs versus open-end mutual funds in Europe

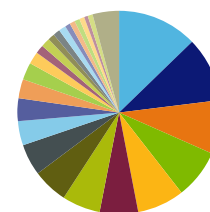
Average TER(s)	
	Average TER (bps)
ETFs	
Alternative	104
Commodities	44
Country exposure Europe – equity	30
Country exposure United States – equity	36
Currency	30
Emerging markets – equity	70
European sector exposure – equity	34
Eurozone sector exposure – equity	42
Fixed income	19
Global exposure - equity	49
International – equity	55
Inverse	33
Leveraged	50
Leveraged inverse	53
Mixed	72
Regional exposure Europe – equity	31
Regional exposure Eurozone – equity	23
Style – equity	37
United States sector exposure – equity	36
Total – equity ETFs	41
Total – fixed income ETFs	19
Total – all	37
Open-end mutual funds	
Passive/index European equity	96
Passive/index international equity	87
Passive/index fixed income	39
Active/non-index European equity	187
Active/non-index international equity	185
Active/non-index fixed income	99

TER – Total Expense Ratio

Source: Strategic Insight Simfund Global, Global ETF Research and Implementation Strategy Team, BlackRock, data as at end January 2011.

Top 25 brokers trading European listed ETFs/ETPs: ranked by traded volume

Broker	Mar-11			Monthly change		
	# broker reported trades	Broker advertised volume (US\$ Mn)	% broker advertised market share	# broker reported trades (%)	Broker advertised volume (%)	% broker advertised market share
Deutsche Bank Securities	6,012	\$8,663	12.8%	114.5%	119.8%	-0.9%
Susquehanna	1,116	\$6,901	10.2%	N/A	N/A	N/A
Goldman Sachs	2,497	\$5,993	8.8%	120.7%	108.1%	-1.6%
Morgan Stanley	1,371	\$5,202	7.7%	106.9%	100.9%	-2.1%
Societe Generale	2,945	\$5,019	7.4%	198.2%	112.0%	-1.1%
CA Cheuvreux	6,911	\$4,184	6.2%	110.4%	115.0%	-0.7%
Labranche Structured Products	1,051	\$4,144	6.1%	145.0%	221.3%	2.6%
Credit Suisse	936	\$3,719	5.5%	97.5%	103.2%	-1.3%
UniCredit	2,483	\$3,558	5.2%	117.3%	123.4%	-0.2%
Merrill Lynch	2,682	\$2,628	3.9%	63.9%	75.0%	-2.7%
JPMorgan Chase Bank	902	\$2,350	3.5%	94.7%	82.2%	-1.9%
Citigroup Global Markets	1,898	\$2,036	3.0%	109.5%	94.8%	-1.1%
Winterflood Securities	4,894	\$1,978	2.9%	121.0%	116.2%	-0.3%
Peel Hunt	3,700	\$1,350	2.0%	124.4%	174.0%	0.5%
Knight Securities	1,863	\$967	1.4%	151.6%	123.2%	-0.1%
UBS	109	\$853	1.3%	98.2%	126.4%	0.0%
Nomura International	1,704	\$792	1.2%	110.7%	92.9%	-0.4%
RBS	767	\$774	1.1%	107.7%	149.6%	0.2%
Macquarie Group	363	\$712	1.0%	125.2%	132.2%	0.0%
HSBC Bank	2,799	\$623	0.9%	119.8%	100.2%	-0.3%
Enskilda Securities	1,540	\$604	0.9%	140.1%	248.8%	0.4%
Exane	60	\$506	0.7%	101.7%	147.2%	0.1%
Barclays Capital	169	\$493	0.7%	161.0%	84.7%	-0.4%
Carnegie	289	\$467	0.7%	121.9%	181.5%	0.2%
Newedge Group	54	\$457	0.7%	98.2%	184.0%	0.2%
Others	3,725	\$2,885	4.3%	118.7%	147.1%	0.6%
Total	52,840	\$67,856	100.0%	17.5%	28.0%	

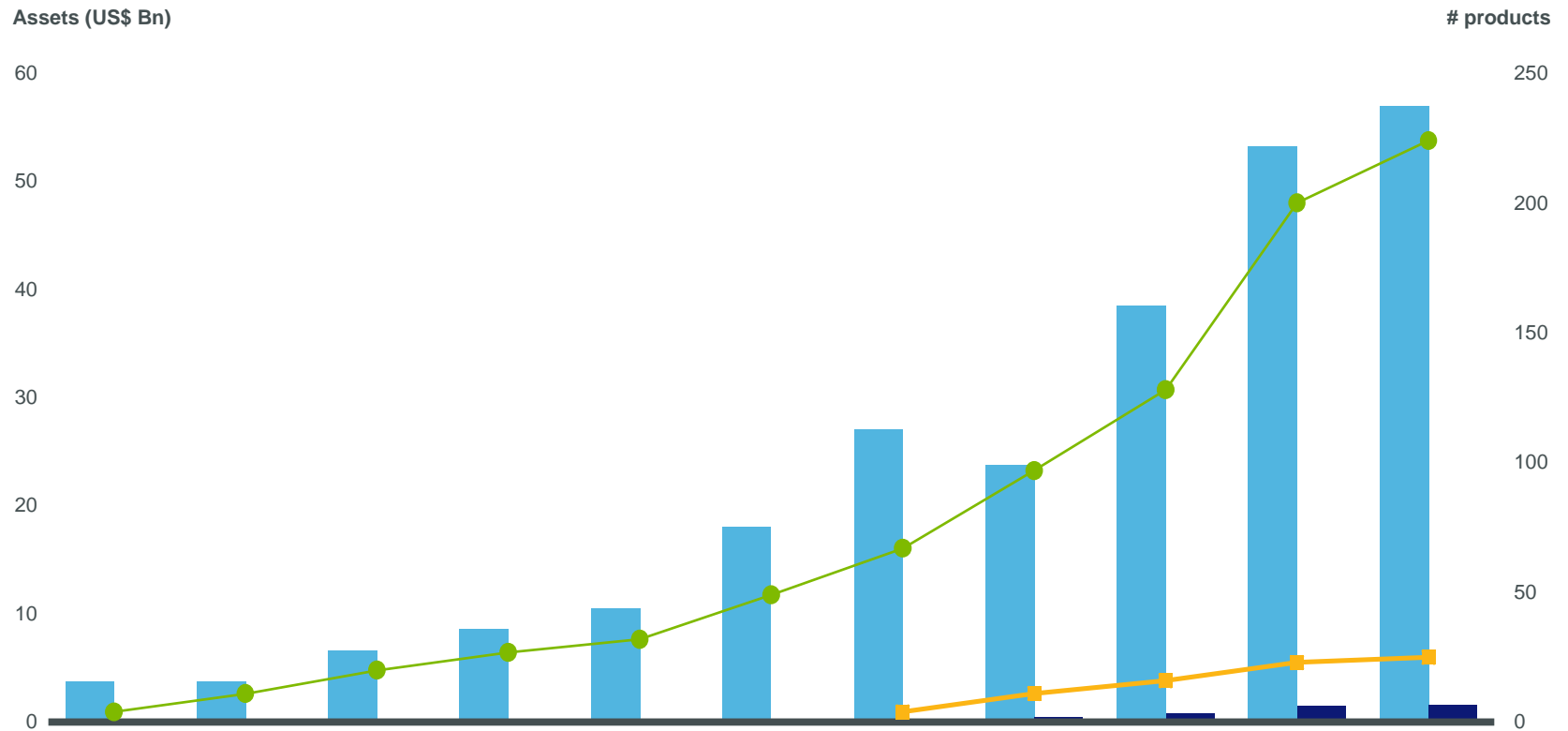


- Deutsche Bank Securities 12.8%
- Susquehanna 10.2%
- Goldman Sachs 8.8%
- Morgan Stanley 7.7%
- Societe Generale 7.4%
- CA Cheuvreux 6.2%
- Labranche Structured Products 6.1%
- Credit Suisse 5.5%
- UniCredit 5.2%
- Merrill Lynch 3.9%
- JPMorgan Chase Bank 3.5%
- Citigroup Global Markets 3.0%
- Winterflood Securities 2.9%
- Peel Hunt 2.0%
- Knight Securities 1.4%
- UBS 1.3%
- Nomura International 1.2%
- RBS 1.1%
- Macquarie Group 1.0%
- HSBC Bank 0.9%
- Enskilda Securities 0.9%
- Exane 0.7%
- Barclays Capital 0.7%
- Carnegie 0.7%
- Newedge Group 0.7%
- Others 4.3%

Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Asia Pacific (ex-Japan) ETF and ETP asset growth



Assets (US\$ Bn)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Q1-11
ETF assets	\$3.7	\$3.8	\$6.6	\$8.6	\$10.5	\$18.1	\$27.0	\$23.8	\$38.5	\$53.3	\$56.9
ETP assets							\$0.1	\$0.5	\$0.8	\$1.4	\$1.6
# ETFs	4	11	20	27	32	49	68	96	132	200	224
# ETPs							4	6	12	23	25

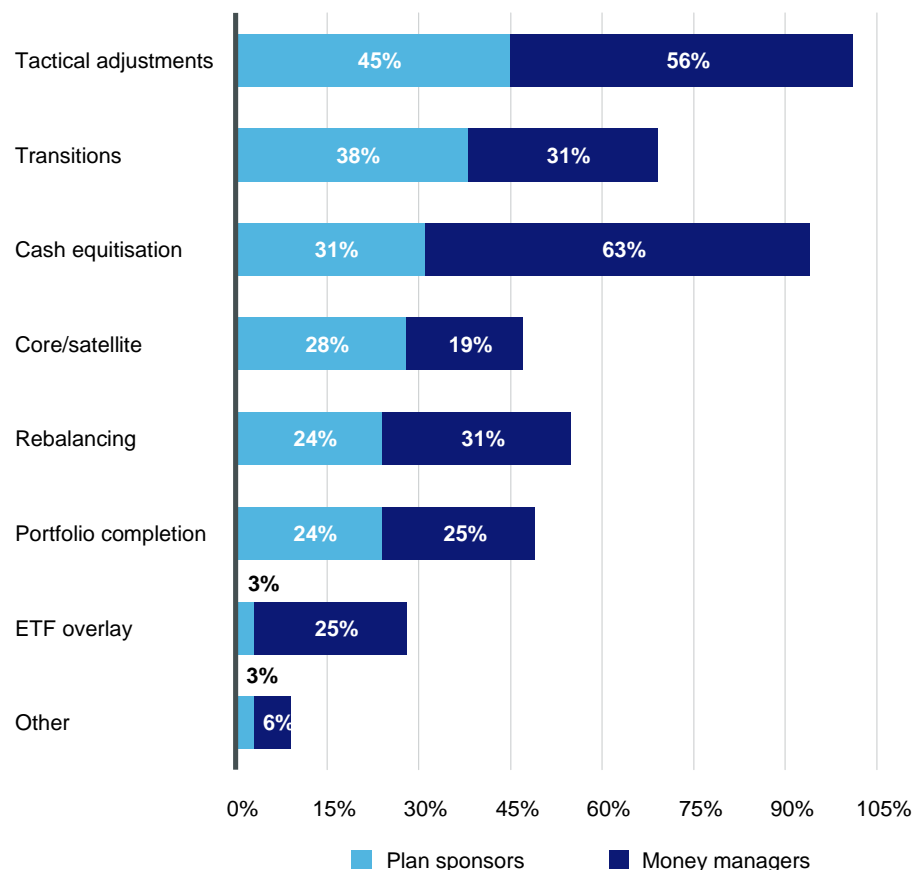
Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

ETFs gain foothold in institutional market

- In the United States, where ETFs are most commonly thought of as a retail product, institutional investors are finding that ETFs can be helpful tools for cash equitisation, transition management, rebalancing, and obtaining hard to achieve exposures.
- According to a study of the United States investment management market by Greenwich Associates¹ during 2010, ETF use among United States pension funds, endowments and foundations grew to approximately 14%.
- Despite that relatively modest share, institutions actually represented roughly half the assets invested in ETFs in the United States according to industry estimates.
- Almost half the institutional users in the Greenwich Associates annual study stated that they employed ETFs for what they considered 'tactical' tasks related to the management of their portfolios.
- Approximately 20% of institutional ETF users surveyed stated that they employed the funds to implement 'strategic or long-term' investment decisions, and an equal share reported that they used ETFs for both tactical and strategic purposes.
- Greenwich Associates asked the institutions participating in the survey to name the providers they used for ETFs. The results revealed the following:
 - iShares/BlackRock was by far the most widely used provider of ETFs amongst United States institutions; and
 - Most institutions that employed ETFs used more than one provider: 89% of institutional ETF users obtained ETFs from iShares/BlackRock, whereas 60% used SPDRs/State Street and 51% used Vanguard.

How ETFs are used by United States Institutions²



1. Greenwich Associates surveyed United States pension funds, endowments, foundations, and money managers that identified themselves as ETF users. Seventy institutions participated in the survey, including 43 plan sponsors and 27 money managers. The survey was conducted from 8 March to 16 March 2010.

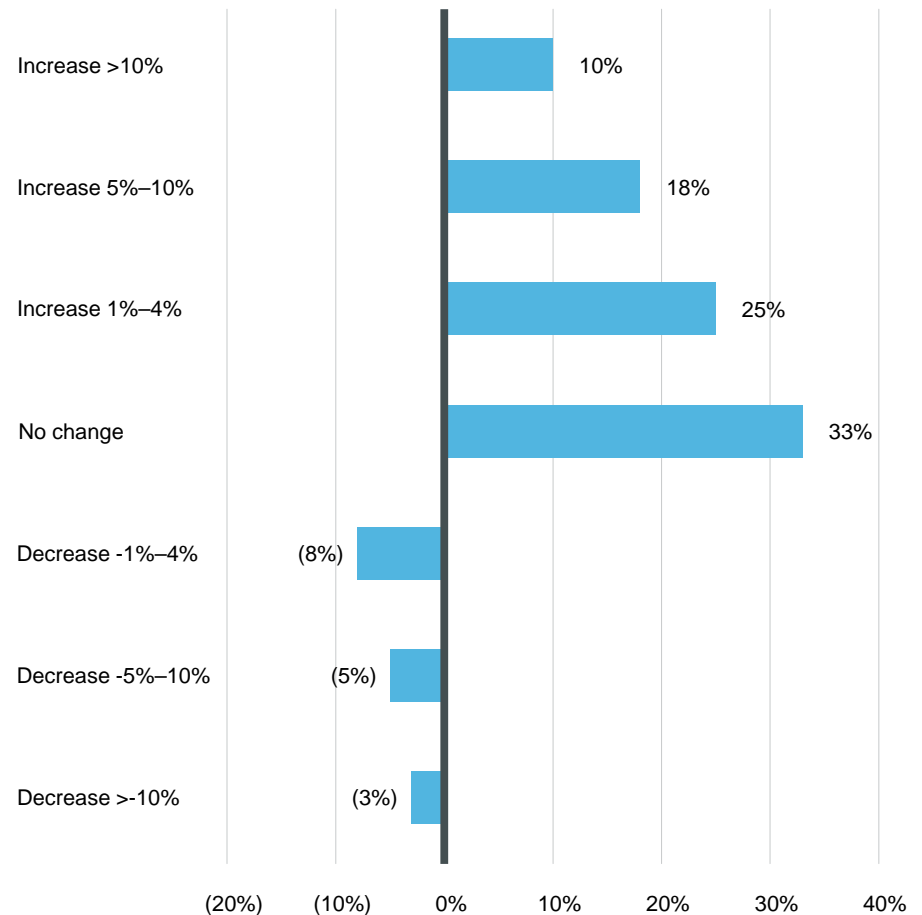
2. Based on responses from 70 United States plan sponsors and money managers using ETFs. Source 2010 Greenwich Market Pulse – ETFs.

Source: Greenwich Associates: ETFs Gain Foothold in Institutional Market, April 2010. 2010 Greenwich Market Pulse – ETFs.

ETFs gain foothold in institutional market (continued)

- Institutions cite a range of criteria used in selecting an ETF provider.
- In addition to the obvious consideration of fees, institutions ranked four factors as particularly important in selecting an ETF provider: liquidity, benchmark, the track record of the fund, and reputation of the company behind the fund.
- Almost 55% of institutions employing ETFs that were questioned during the Greenwich Associates survey, stated that they expected their usage of the product to increase over the following three years, including nearly 20% that expected the amount of assets dedicated to ETFs to grow by 5–10% in that period.
- Money managers were slightly more apt to predict an increase in use: approximately 65% expected to be devoting more assets to ETFs, compared with half of plan sponsors.
- About 20% of plan sponsors expected to reduce their use of ETFs.
- Nearly 30% of institutions that did not use ETFs said they lacked familiarity with the product.
- One way to address this lack of information would be for providers to win over investment consultants, who would then be in a position to explain the product to their institutional clients as both a tool for tactical adjustments and a means of obtaining desired exposures.
- The results of this recent Greenwich Market Pulse suggest that many investment consultants are not currently recommending ETFs or even initiating discussions with their clients about the product.

Expected change in asset allocation to ETFs¹



1. Based on responses from 70 United States plan sponsors and money managers using ETFs.

Source: Greenwich Associates: ETFs Gain Foothold in Institutional Market, April 2010. 2010 Greenwich Market Pulse – ETFs.

Asian institutions build out investment capabilities

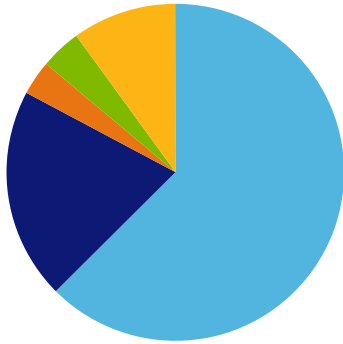
- Asian institutions' appetite for using external asset managers is growing slowly with the recovery in global markets.
- Although a recent flurry of RFPs marked a resumption in manager hiring after a near dead-stop during the market crisis, institutional investors in Asia continue to build out their own investment management capabilities with an eye towards internalising assets for specific investment strategies.
- In addition, Asian institutions are not planning to limit their internal management to passive strategies; many are looking to go toe to toe with external managers in active strategies with the goal of generating alpha.
- These conclusions are drawn from the results of Greenwich Associates' 2010 Asian Investment Management Study¹, in which 84 of the largest institutional investors in Hong Kong, Macau, China, Taiwan, South Korea, Singapore and other Asian countries were interviewed.
- These institutions together manage some \$5 trillion in assets, a sum that was roughly unchanged from 2009 to 2010.
- About one third of Asian institutions use ETFs as part of their investment strategies.
- ETFs are most widely employed due to their relatively high levels of liquidity and flexibility, and for their ability to provide institutions with a means of accessing specific investment strategies or exposures.

1. Greenwich Associates conducted interviews with 84 of the largest institutions in Brunei, China, Hong Kong/Macau, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. Interview topics included asset allocation, product fees paid and compensation.

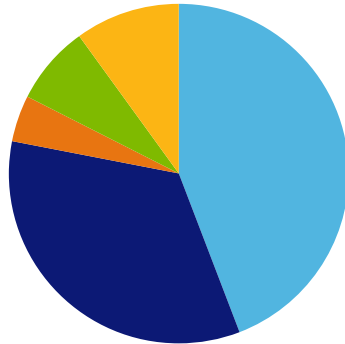
Source: Greenwich Associates: Asian Institutions Build Out Internal Investment Capabilities, Asian Investment Management June 2010.

ETF portfolios

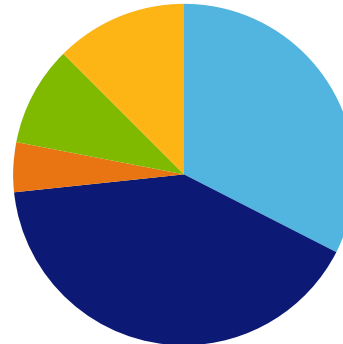
Conservative



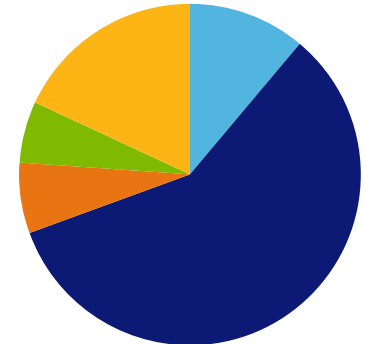
Balanced



Growth



Dynamic



Fixed income

- BarCap € Government Bond 1–3
- BarCap € Government Bond 3–5
- BarCap € Government Bond 7–10
- iBoxx € Liquid Corporate Bond

Equities

- MSCI Europe ex-UK
- FTSE 100
- S&P 500
- MSCI North America
- Nikkei 225
- MSCI Emerging Markets

Property

- FTSE EPRA/NAREIT Global Property Yield

Alternatives

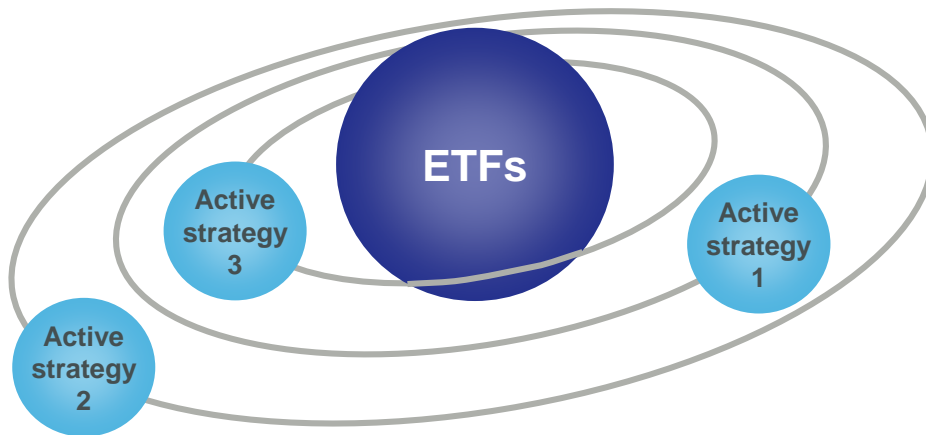
- FTSE/Macquarie Global Infrastructure 100
- S&P Listed Private Equity
- Dow-Jones-UBS Commodity



Note: Sample portfolios 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. Source: BlackRock.

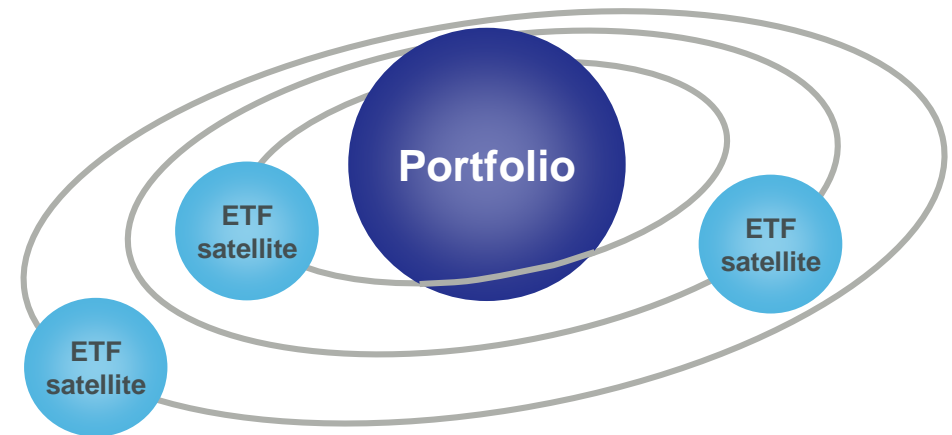
Core-satellite: ETFs can be used in the core portfolio, as well as in the satellite

ETFs in the core



- A broad market index.
- Exposure to diversified baskets of securities.
- Optimised core: sector, style or country indices.

ETFs in the satellite



- Concentrated, focused ETFs.
- Sector and style.
- Individual countries and regions.
- Alternative asset class.

MSCI World and MSCI EM Index: weights and performance

MSCI World

Country	# stocks	% weight	% YTD return
Australia	71	3.8%	3.6%
Austria	8	0.2%	7.2%
Belgium	14	0.4%	5.8%
Canada	100	5.6%	7.6%
Denmark	12	0.5%	10.1%
Finland	17	0.5%	2.4%
France	75	4.6%	10.9%
Germany	53	3.8%	8.4%
Greece	8	0.1%	15.6%
Hong Kong	40	1.2%	-0.8%
Ireland	5	0.1%	8.0%
Israel	14	0.3%	-2.9%
Italy	30	1.3%	15.1%
Japan	339	9.3%	-5.1%
Netherlands	21	1.2%	10.7%
New Zealand	5	0.0%	3.0%
Norway	10	0.4%	8.2%
Portugal	9	0.1%	9.1%
Singapore	32	0.7%	-0.5%
Spain	28	1.7%	14.1%
Sweden	33	1.5%	5.4%
Switzerland	37	3.6%	1.1%
United Kingdom	106	9.7%	3.4%
United States	589	49.3%	5.5%
Total	1,656	100.0%	4.3%

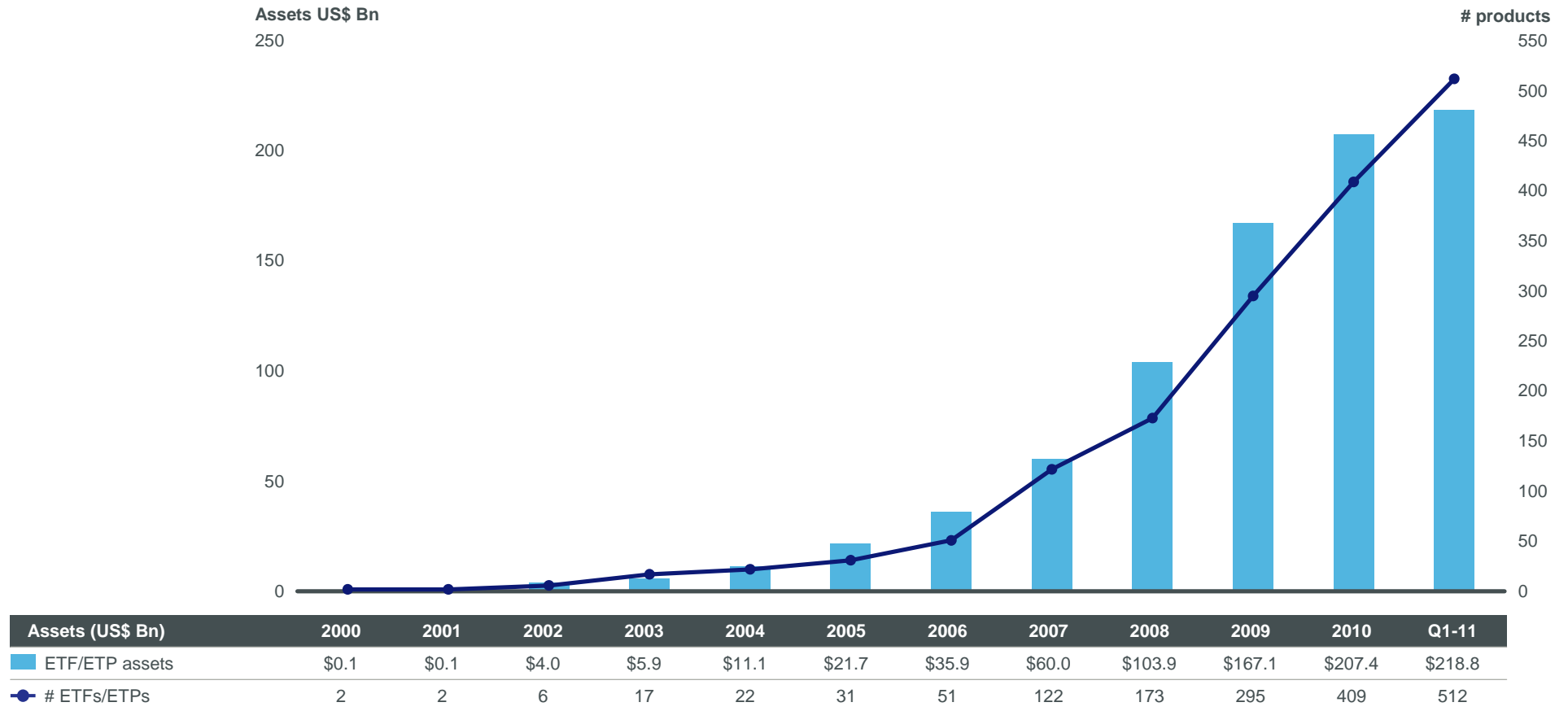
MSCI Emerging Markets

Country	# stocks	% weight	% YTD return
Brazil	83	15.8%	2.0%
Chile	17	1.5%	-8.3%
China	141	17.5%	2.9%
Colombia	9	0.8%	0.0%
Czech Republic	3	0.4%	18.0%
Egypt	11	0.3%	-23.7%
Hungary	4	0.4%	20.4%
India	67	7.4%	-5.2%
Indonesia	24	2.4%	4.3%
Malaysia	40	2.8%	3.6%
Mexico	24	4.4%	0.5%
Morocco	3	0.2%	5.4%
Peru	3	0.6%	-14.0%
Philippines	15	0.5%	-4.4%
Poland	22	1.7%	7.1%
Russia	28	7.3%	16.3%
South Africa	48	7.5%	-3.4%
South Korea	102	14.2%	5.9%
Taiwan	125	11.0%	-4.2%
Thailand	22	1.7%	3.5%
Turkey	19	1.5%	-5.1%
Total	810	100.0%	1.7%

Note: Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. YTD returns reflect US dollar price performance only from 31 December 2010 to 31 March 2011. Index weights captured from Bloomberg on 07 April 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Fixed income ETF and ETP asset growth



Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

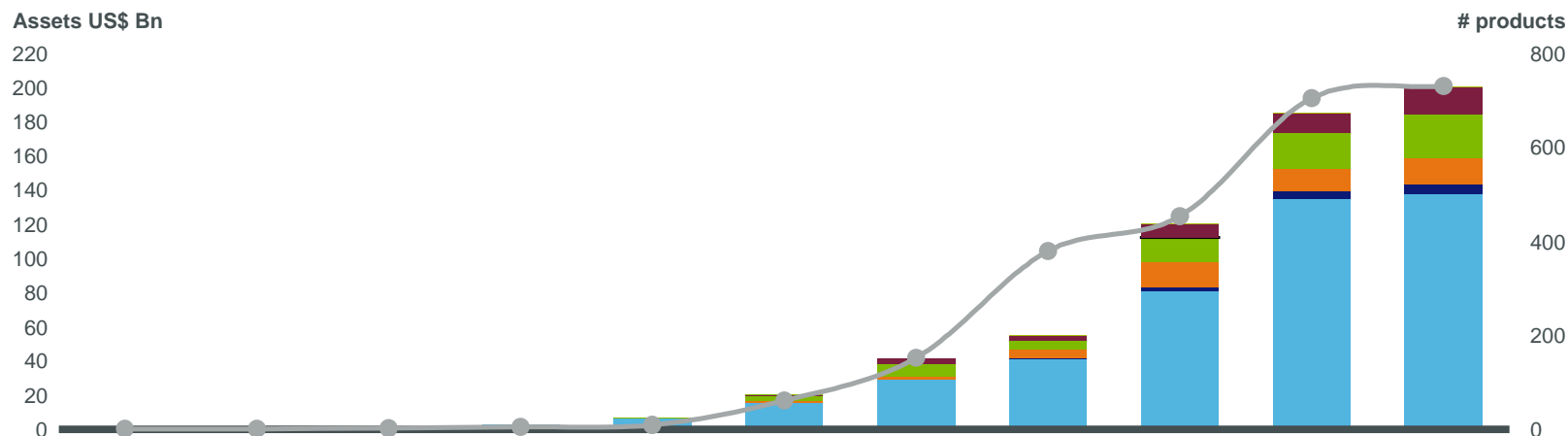
Fixed Income Index Guide

- Understanding index methodology is the key to selecting and using ETFs.
- Investors must understand the differences in pricing sources¹, frequency of pricing updates and what prices are being captured:
 - Where (one bank or consortium..)
 - When (intraday, daily, weekly..)
 - What (bid, mid, dirty...)

Barclays Capital	Citigroup	eb.rexx	EuroMTS	FTSE	JPMorgan	Markit
Government	Government	Government	Government	Gilt	Emerging market	Government
Aggregate		Corporate	Inflation-linked			Corporate
Corporate		Asset backed				Asset backed
Inflation-linked						Inflation-linked
						Emerging market
						Credit

1. A fund may price a security using a different pricing source than used by the Index Provider itself.
 Source: Fixed Income Index Guide, BlackRock, Markit.

Global commodity ETF and ETP asset growth



Assets (US\$ Bn)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Q1-11
Agriculture	-	-	-	-	-	\$0.0	\$2.9	\$3.0	\$7.7	\$11.6	\$15.9
Alternative	-	-	-	-	-	-	-	\$0.0	\$0.0	\$0.0	\$0.0
Broad	-	-	-	-	\$0.4	\$3.5	\$7.6	\$5.1	\$14.8	\$20.7	\$25.8
Energy	-	-	-	-	\$0.1	\$1.0	\$1.5	\$5.1	\$14.6	\$13.5	\$15.1
Livestock	-	-	-	-	-	\$0.0	\$0.0	\$0.2	\$0.2	\$0.2	\$0.3
Industrial metals	-	-	-	-	-	\$0.0	\$0.4	\$0.3	\$1.9	\$4.2	\$5.4
Precious metals	\$0.0	\$0.1	\$0.3	\$2.6	\$6.5	\$15.5	\$28.8	\$41.4	\$80.9	\$135.0	\$137.8
ETF/ETP total	\$0.0	\$0.1	\$0.3	\$2.6	\$7.0	\$20.1	\$41.3	\$55.0	\$120.1	\$185.1	\$200.3
# ETFs/ETPs											
Agriculture	-	-	-	-	-	10	27	87	98	139	139
Alternative	-	-	-	-	-	-	-	3	2	2	2
Broad	-	-	-	-	1	15	31	52	63	100	111
Energy	-	-	-	-	1	12	39	84	98	143	149
Livestock	-	-	-	-	-	3	7	21	21	25	25
Industrial metals	-	-	-	-	-	6	12	55	65	103	107
Precious metals	1	1	2	5	7	15	36	77	106	192	196
Total ETFs/ETPs	1	1	2	5	9	61	152	379	453	704	729

Note: Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Commodity indices

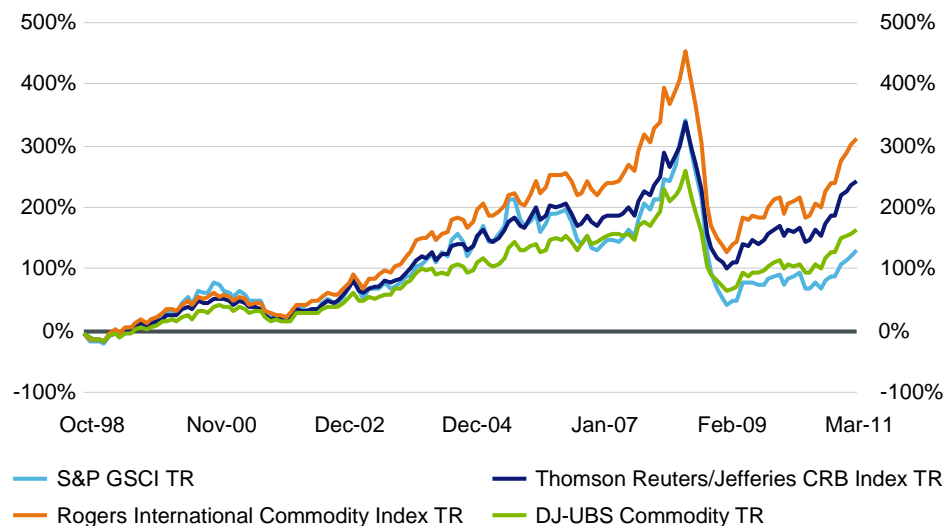
Indices are a convenient way to access a group of commodities. Indices can represent the asset class as a whole or a particular sub-sector, such as energy, agriculture or precious metals.

- Commodity indices differ in the rules used to gain exposure to the asset class.
- Does the index track futures prices or spot prices? How often is the index rebalanced? Are there minimum and maximum weightings for different sectors or individual commodities? Investors should be aware of these rules before investing in structured products linked to indices.
- This section describes the components and methodologies of some of the main commodity indices. Some of the key features are outlined below:

Commodity index comparison

Index	# of commodities	Weighting method	Recomposition frequency
S&P GSCI	24	World production	Monthly
Rogers International Commodity Index	38	Discretion of committee	Annual
Thomson Reuters/Jefferies CRB Index	19	Equal weighted within broad sectors	Irregular
Dow Jones UBS Commodity Index	19	Liquidity and production	Annual

% accumulated US\$ total return

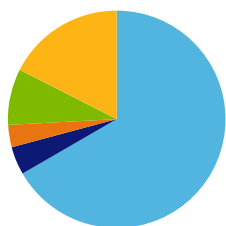


Note: Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Data as at end Q1 2011.

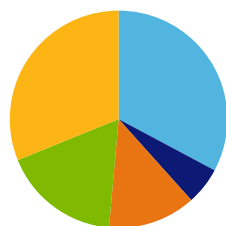
Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Commodity index comparison

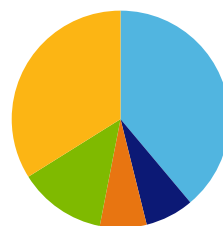
S&P GSCI



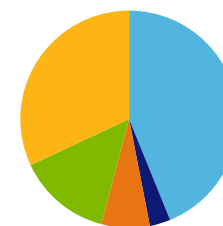
Dow Jones UBS Commodity Index



Thomson Reuters Jefferies CRB Index



Rogers International Commodity Index (RICI)

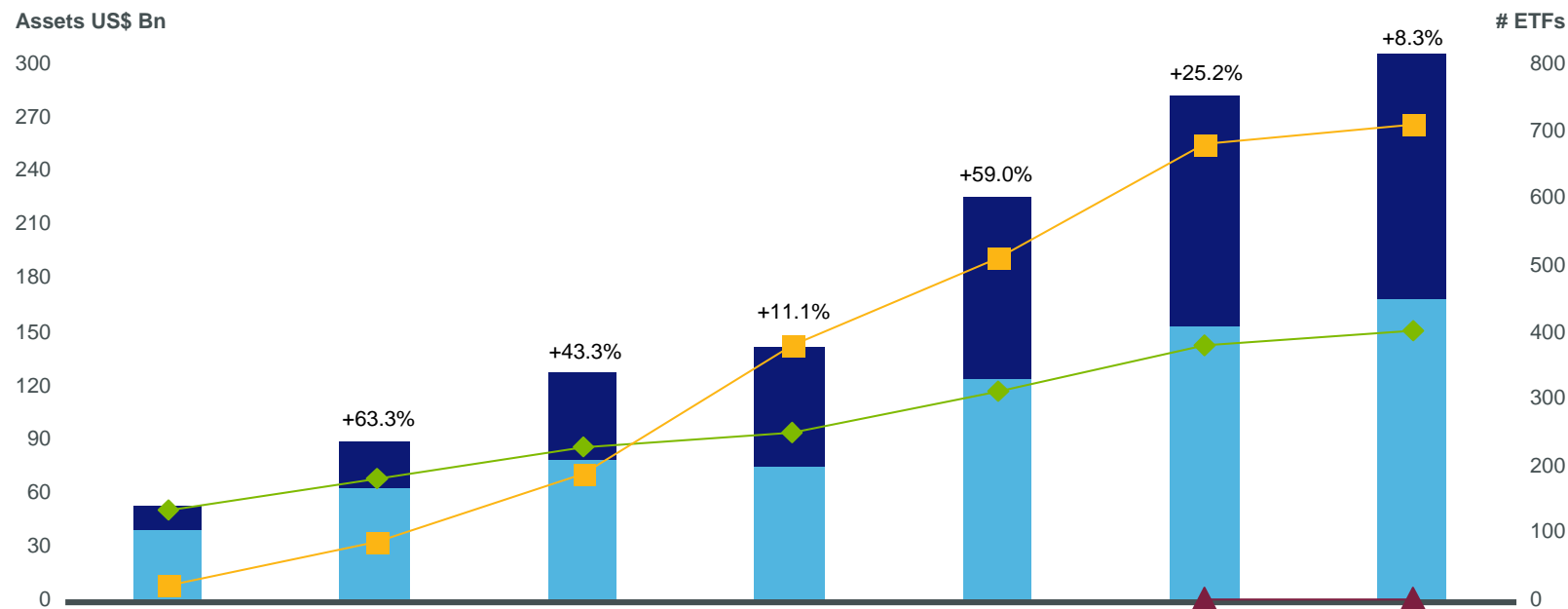


Commodity	Measure	S&P GSCI	DJ UBS Commodity Index	Thomson Reuters Jefferies CRB	Rogers International Commodity Index (RICI)
Energy		66.5%	32.7%	39.0%	44.0%
WTI crude oil	\$/barrel	34.6%	14.6%	23.0%	21.0%
Brent crude oil	\$/barrel	14.3%	-	-	14.0%
RBOB gasoline	\$/gallon	4.3%	3.5%	5.0%	3.0%
Heating oil	\$/gallon	4.5%	3.8%	5.0%	1.8%
Gas oil	\$/metric ton	5.5%	-	-	1.2%
Natural gas	\$/mmBtu	3.2%	10.9%	6.0%	3.0%
Livestock		4.3%	5.7%	7.0%	3.0%
Live cattle	\$/cwt	2.5%	3.5%	6.0%	2.0%
Feeder cattle	\$/cwt	0.4%	-	-	-
Lean hogs	\$/cwt	1.4%	2.3%	1.0%	1.0%
Precious metals		3.4%	12.9%	7.0%	7.1%
Gold	\$/troy oz	2.9%	9.8%	6.0%	3.0%
Silver	\$/troy oz	0.5%	3.1%	1.0%	2.0%
Palladium	\$/troy oz	-	-	-	0.3%
Platinum	\$/troy oz	-	-	-	1.8%
Industrial metals		8.3%	17.6%	13.0%	14.0%
Aluminium	\$/metric ton	2.4%	5.0%	6.0%	4.0%
Copper	\$/metric ton	4.0%	7.5%	6.0%	4.0%
Lead	\$/metric ton	0.5%	-	-	2.0%
Nickel	\$/metric ton	0.8%	2.4%	1.0%	1.0%
Tin	\$/metric ton	-	-	-	1.0%
Zinc	\$/metric ton	0.6%	2.7%	-	2.0%

Commodity	Measure	S&P GSCI	DJ UBS Commodity Index	Thomson Reuters Jefferies CRB	Rogers International Commodity Index (RICI)
Agriculture		17.4%	31.1%	34.0%	31.9%
Wheat	\$/bushels	3.8%	4.7%	1.0%	4.8%
Kansas wheat	\$/bushels	0.8%	-	-	1.0%
Corn	\$/bushels	4.3%	7.4%	6.0%	4.8%
Soybeans	\$/bushels	2.7%	7.8%	6.0%	3.4%
Soybean oil	\$/cwt	-	2.9%	-	2.0%
Soybean meal	\$/short ton	-	-	-	0.8%
Cotton	\$/cwt	1.8%	2.3%	5.0%	4.2%
Sugar	\$/cwt	2.8%	3.6%	5.0%	2.0%
Coffee	\$/cwt	1.0%	2.4%	5.0%	2.0%
Cocoa	\$/metric ton	0.3%	-	5.0%	1.0%
Orange juice	\$/cwt	-	-	1.0%	0.6%
Rubber	\$/kilogram	-	-	-	1.0%
Lumber	\$/1k board feet	-	-	-	1.0%
Milling wheat	\$/bushels	-	-	-	1.0%
Canola	\$/metric ton	-	-	-	0.8%
Rice	\$/cwt	-	-	-	0.8%
Oats	\$/bushels	-	-	-	0.5%
Rapeseed	\$/metric ton	-	-	-	0.3%
Azuki beans	\$/bag	-	-	-	0.2%
Greasy wool	\$/kilogram	-	-	-	0.1%
Total		100.0%	100.0%	100.0%	100.0%
	Data as at:	Dec-10	Jan-11	Dec-10	Jan-11

Source: Global ETF Research and Implementation Strategy Team, BlackRock, S&P, Dow Jones, Jefferies, RICI Handbook 2011.

European ETF asset growth: physical and synthetic replication



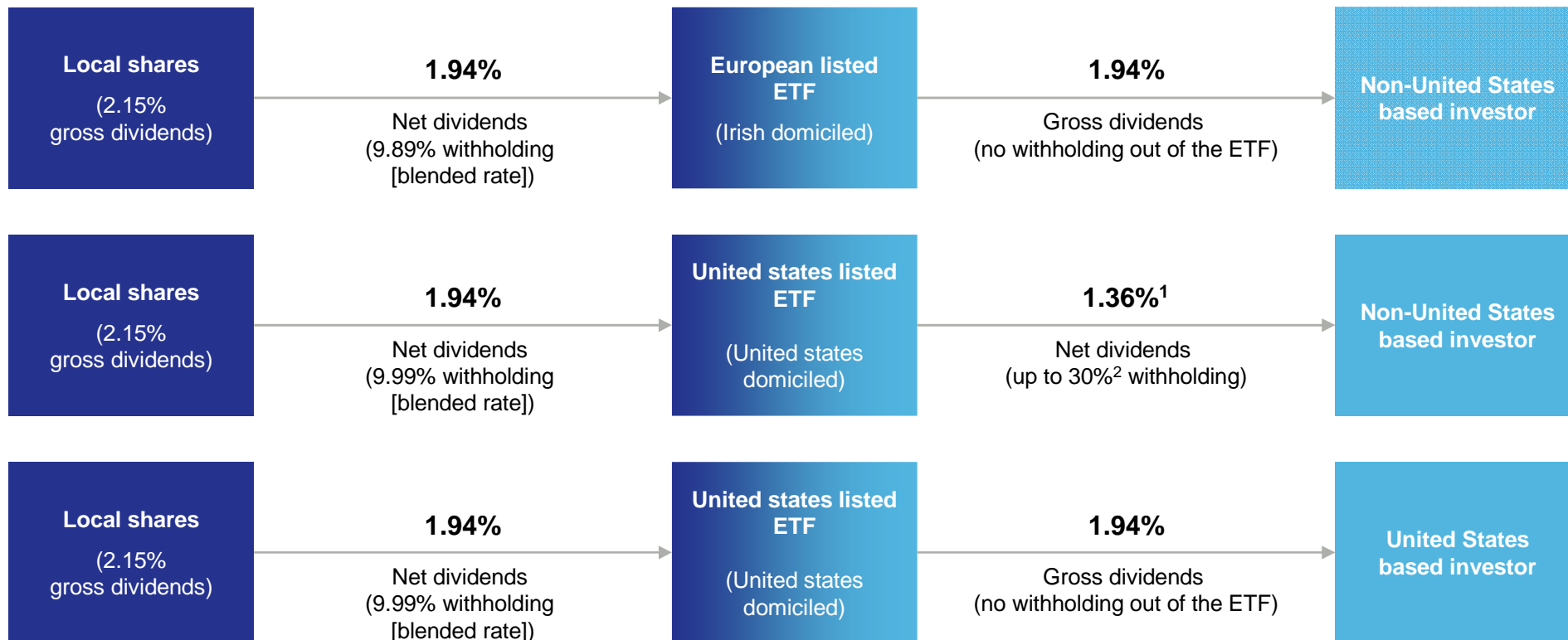
Assets (US\$ Bn)	2005	2006	2007	2008	2009	2010	Q1-11
Physical	\$41.3	\$64.1	\$80.6	\$76.4	\$125.0	\$155.1	\$169.1
Synthetic	\$13.6	\$25.6	\$48.0	\$66.4	\$101.9	\$128.6	\$138.0
Hybrid	-	-	-	-	-	\$0.3	\$0.4
ETF AUM total	\$54.9	\$89.7	\$128.5	\$142.7	\$226.9	\$284.0	\$307.5
Physical	138	184	231	252	314	385	405
Synthetic	27	89	192	383	515	683	714
Hybrid	-	-	-	-	-	3	3
# ETFs total	165	273	423	635	829	1,072	1,122

Note: Synthetic replication refers to the use of derivatives to replicate the index performance such as swaps, futures, forwards, options etc. Physical replication refers to the use of physical securities such as stocks, bonds and commodities to generate the index performance. Hybrid replication refers to a combination of both physical and synthetic products. Data as at end Q1 2011.

Source: Global ETF Research and Implementation Strategy Team, BlackRock, Bloomberg.

Key tax considerations

Example: iShares MSCI Emerging Markets: European versus United States listed funds



1. Assumes impact of maximum rate.

2. Maximum rate, lower rate may apply based on local tax treaties with United States.

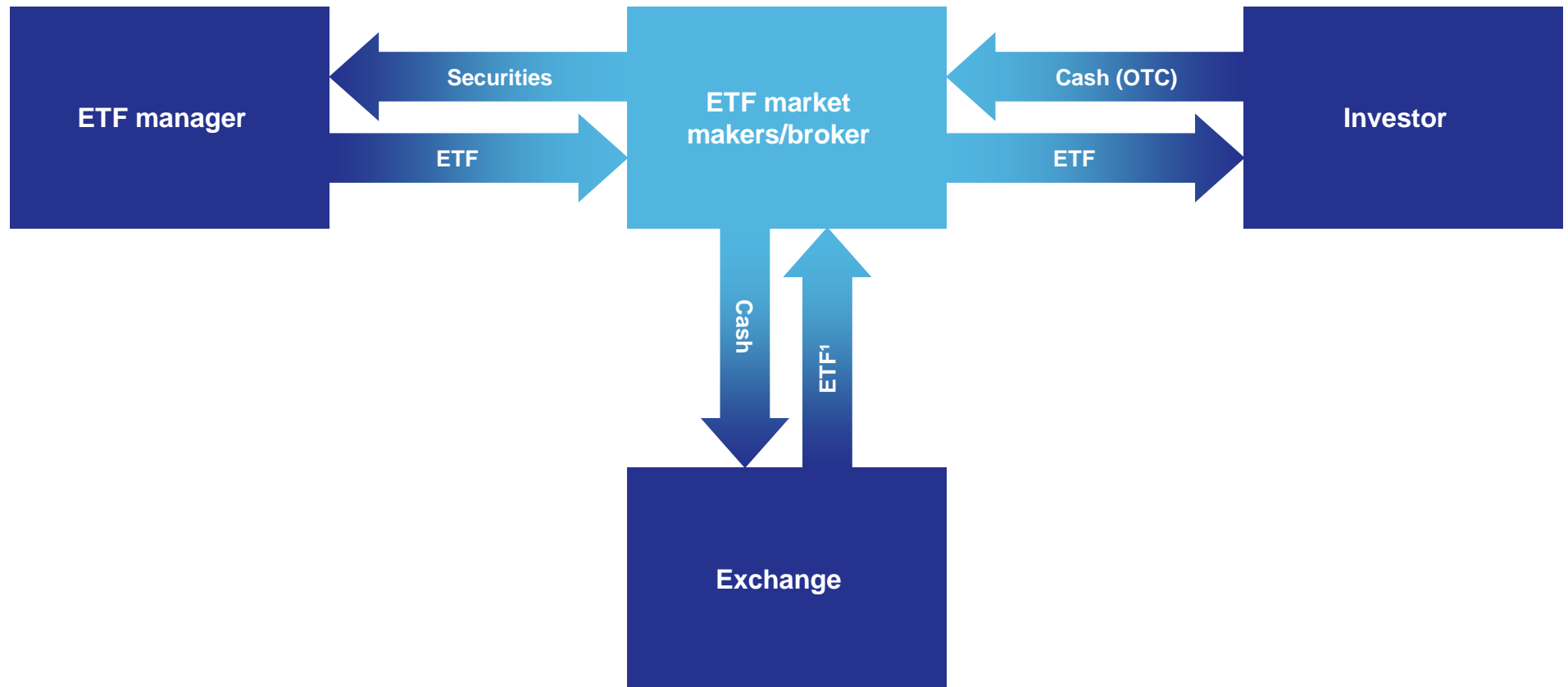
Note: The information given does not constitute tax or legal advice and prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of shares under the laws of the jurisdiction in which they may be subject to tax. Tax legislation may change.

Source: BlackRock, February 2011.

Liquidity: the ETF transaction process

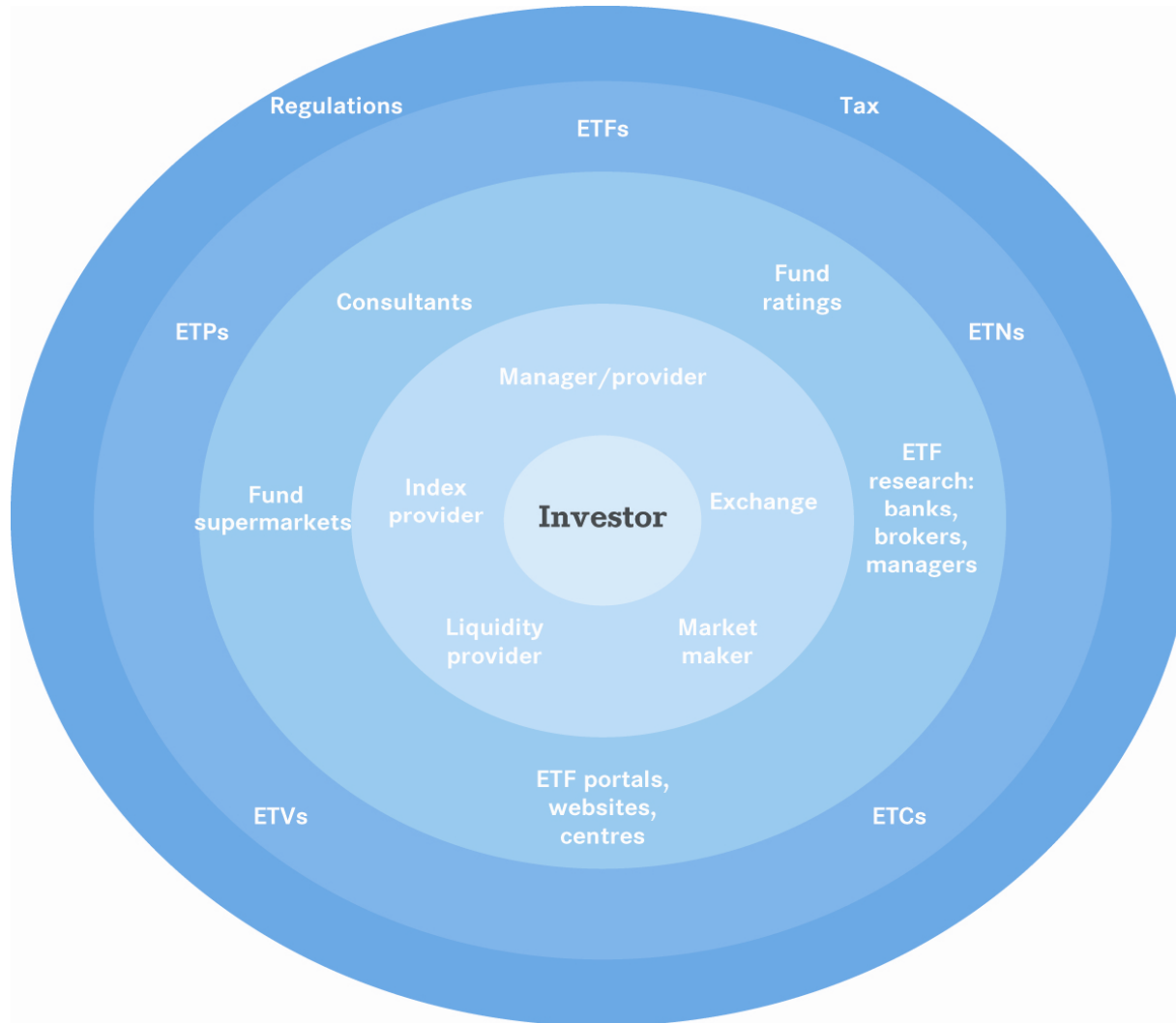
Primary market

Secondary market



1. ETF or Creation Basket.

2011 ETF ecosystem



Source: Global ETF Research and Implementation Strategy Team, BlackRock.

About us

About BlackRock

- BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. As at 31 December 2010, BlackRock's AUM was US\$3.561 trillion.
- BlackRock offers products that span the risk spectrum to meet clients' needs, including active, enhanced and index strategies across markets and asset classes. Products are offered in a variety of structures including separate accounts, mutual funds, iShares ETPs, and other pooled investment vehicles.
- BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions.
- Headquartered in New York City, as at 31 December 2010, the firm has approximately 9,100 employees in 25 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa. For additional information, please visit BlackRock's website at www.blackrock.com.

About BlackRock's Global ETF Research and Implementation Strategy Team

- BlackRock's Global ETF Research and Implementation Strategy Team is regarded as the industry's pre-eminent source of data, analysis and perspective on the ETF/ETP marketplace worldwide.
- While the team's focus is ETFs/ETPs, the team operates independently from the iShares business and provides an independent source of marketplace research and advice to clients on the implementation of asset allocation strategies using ETFs and ETPs.
- Led by Deborah Fuhr, Managing Director, the team produces the 'ETF Landscape' reports, a comprehensive series of weekly, monthly, and quarterly ETF market commentaries as well as handbooks covering all ETFs and ETPs from all 169 providers (as at 31 December 2010).
- The scope of research is unequalled industry-wide, covering the world as well as all major regional markets and ETF genres, with a focus on North America, Latin America, Europe, the Middle East, Asia, and Japan.
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