

NEWS RELEASE

Record demand for ETFs in 2008 market turmoil

SYDNEY, 28 January 2009: Investors throughout the world accelerated their move into exchange traded funds (ETFs) in the past year, with a significant net increase in ETF sales worldwide contrasting with a large outflow from traditional managed funds.

Investment Company Institute of Washington reports that US investors pulled US\$128.7 billion out of managed equity managed funds, but put US\$133 billion into exchange traded funds in the first 11 months of 2008.

“ETFs remained a beacon for those investors demanding transparency, liquidity and diversification with their investments. These attributes made ETFs one of the only investment products to enjoy net gains in 2008”, Co-Head of iShares in Australia, Adam Seccombe, states.

The ETF growth phenomenon is set to continue according to BGI, which expects assets under management in the ETF sector worldwide to grow from the present US\$711 billion to US\$1 trillion in 2009 and US\$2 trillion in 2011. Seccombe said BGI’s global forecasts are based on the significant sea change in investor understanding and acceptance of ETFs. BGI’s latest *ETF Industry Preview* of worldwide ETF trends reports the industry’s average daily trading volume worldwide increased by 32.5% in 2008 to US\$80.4 billion a day during the year.

“ETFs are in demand for their liquidity and transparency, making them the preferred investment vehicle for managing risk. That demand has generated huge inflows into ETFs,” Seccombe says. “While 84% of ETFs are composed of equities that match specific indices, global ETF assets fell by only 10.8% in the past 12 months, in contrast to a fall of almost four times that amount (42.1%) in the MSCI World Index,” he said.

“ETFs have truly come of age in the past year internationally, indicating how they are destined to become an important segment of the Australian equity market. They have traded overseas for many years so most investors are fully conversant with their benefits and how to use them as a risk management tool. Demand here in Australia has risen noticeably in the past 12 months as familiarity has increased and we are confident ETF trading will continue to increase consistent with trends worldwide.”

The trends in usage also appear similar to those overseas, with Mr Seccombe noting, “we are seeing a growing segment of advisers and investors who have embraced the appeal of ETFs and are using them as building blocks in their clients’ investment portfolios.”

iShares is the world’s largest ETF provider in terms of number of products – 361 – and assets of US\$324.8 billion, reflecting 45.7% market share. iShares sales globally rose from US\$70 billion in 2007 to US\$89 billion 2008, despite the stock-market meltdown of 2008.

Other global market statistics from BGI’s December ETF Industry Preview:

GLOBAL ETF INDUSTRY SNAPSHOT AT DECEMBER 31, 2008	
Global industry assets under management (AUM)	US\$711bn
Composition of total AUM	84% equity, 15% fixed income, 1% commodities
Number of ETFs	1,590
ETF listings	2,658, on 42 exchanges
New ETFs launched in past 12 months	472
Number of ETF providers worldwide	85
Plans by these managers for new listings this year	604
Number of other exchange traded products (ETPs)	271, with assets of US\$53.2bn

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Background information

iShares Exchange Traded Funds from Barclays Global Investors, are the world's leading family of exchange traded funds (ETFs). Over 361 iShares are traded on major stock exchanges around the world. iShares account for close to half of the ETF market worldwide.¹

Barclays Global Investors has launched 16 iShares ETFs in three tranches on the ASX:

Launched 10-Oct-07	Launched 15-Nov-07	Launched 10-Sept-08
iShares S&P Global 100 (ASX:IOO)	iShares FTSE/Xinhua China 25 (IZZ)	iShares MSCI BRIC (IBK)
iShares S&P SmallCap 600 (IJR)	iShares MSCI Hong Kong (IHK)	iShares S&P Asia 50 (IAA)
iShares S&P 500 (IVV)	iShares MSCI South Korea (IKO)	
iShares S&P MidCap 400 (IJH)	iShares MSCI Singapore (ISG)	
iShares MSCI EAFE (IVE)	iShares MSCI Taiwan (ITW)	
iShares MSCI Japan (IJP)	iShares Russell 2000 (IRU)	
iShares S&P Europe 350 (IEU)		
iShares MSCI Emerging Markets (IEM)		

ETFs are index funds that are bought and sold like ordinary shares on a stock exchange. They provide instant exposure to an entire index through one single trade. ETFs combine the advantages of shares with the benefits of index funds. iShares ETFs are attractive to individual and institutional investors and financial intermediaries because of their trading flexibility, cost-effective diversification and transparency benefits. iShares ETFs can be used to achieve many investment strategies:

- Completing a portfolio's strategic asset allocation
- Core-satellite investing
- Reducing portfolio risk through diversification

For further information on iShares ETFs and strategies for using them, visit iShares.com.au.

Barclays Global Investors

Barclays Global Investors (BGI) is one of the world's largest asset managers and a leading global provider of investment management products and services. It has nearly 3,000 institutional clients and over AUD\$2.2 trillion of assets under management (November 2008). It transformed the investment industry by creating the first index strategy in 1971 and the first quantitative active strategy in 1979. BGI is the global product leader in exchange traded funds with over 361 iShares ETFs for institutions, intermediaries and individuals globally.

BGI is a majority-owned subsidiary of Barclays PLC, one of the UK's largest companies and one of the world's foremost providers of financial services with operations in over 60 countries.

Barclays Global Investors Australia

Barclays Global Investors Australia (BGIA) has been one of the fastest growing investment managers in Australia with currently over AUD\$31 billion in funds under management (November 2008). BGIA offers a wide range of total return, risk-controlled active and index strategies across both developed and emerging markets.

¹ Source: ETF Industry Preview from Barclays Global Investors, December 2008.

In addition to this, iShares, the world's leading family of exchange traded funds (ETFs), were launched in October 2007. BGIA serves a range of clients including Australian corporations; industry, public sector and superannuation funds; master funds; and wrap account distributors.

For further information about Barclays Global Investors, please visit our website www.barclaysglobal.com.

Important information

Before investing in an iShares fund, you should carefully consider the appropriateness of such products to your circumstances, read the applicable Australian prospectus and consult an investment adviser. Prepared by Barclays Global Investors Australia Ltd ABN 33 001 804 566, AFSL 225 398 ("BGIA") on behalf of iShares, Inc. ARBN 125 632 279 and iShares Trust ARBN 125 632 411. Barclays Global Fund Advisers ("BGFA") serves as an adviser to the iShares funds that are registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940. BGFA is a subsidiary of Barclays Global Investors, N.A. ("BGINA"). BGIA and BGINA are majority-owned subsidiaries of Barclays Bank PLC. Unless otherwise stated, any opinions expressed, analysis and assumptions made in this press release reflect BGIA's judgement as of the date of publication and are subject to change. The information in this document relates to iShares funds quoted on the Australian Securities Exchange ("ASX"). Trades on ASX in the shares on an iShares fund are settled using CHESS Depository Interests ("CDI"s). International investments such as an iShares fund may have different risk characteristics compared to investments in other securities listed on the ASX that do not have international exposure.. The performance of an iShares fund is not guaranteed by ASX, any foreign or Australian regulatory or depository institution or any Barclays or other entity. Use of the "ASX" abbreviation is not an endorsement by ASX. An iShares fund is not sponsored, endorsed, promoted, issued or sold by MSCI Inc, Standard & Poor's, the London Stock Exchange and The Financial Times Limited ("FTSE"), FTSE/Xinhua Index Limited ("FXI") or Frank Russell Group. © 2008 Barclays Global Investors Australia Limited. All rights reserved. iShares® is a registered trademark of Barclays Global Investors, N.A. All other trademarks, servicemarks, or registered trademarks are the property of their respective owners.